A Comparative Analysis of School Finance Management in Norway and Ukraine

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Abstract

This paper explores school finance management in the context of two different organizational models, rather decentralized Norwegian school management and highly centralized school management in Ukraine. Based on the both cases, the paper analyzes the experience of the school leaders in Norway and Ukraine regarding their budget efforts, and challenges they have met within the framework of the national contexts. It is argued that greater budget autonomy in schools in Ukraine might provide resource and time efficiency. It is discussed that formula-based allocation of money might increase accountability and transparency to the Ukrainian customers of educational services. The study involves deliberations on the possibility to apply greater school autonomy on budget matters in socio-economic context of Ukraine, and a series of policies is proposed, aimed at decentralization of the educational sector.

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1 Chapter 1: Introduction

In selecting the topic for this research, I was looking back at my own past. In the early 2000s, I worked as an English teacher at a secondary school in Ukraine. Very often I noticed how little had changed in school management since I was a pupil in a post-Soviet school myself. A few years later, the knowledge I acquired while studying international and comparative education at the University of Oslo, combined with working experience in one of the schools of Oslo, brought up some thoughts and raised the questions about possible ways to change the Ukrainian school management system. Comparing the school management models in Norway and Ukraine, I assumed that the reason that there is such a striking difference in school management is due to decentralization of decision-making and policy.

1.1 Decentralization vs. Centralization

Globalization, economic recessions and legitimacy problems of nation state`s can profoundly affect educational systems. These forces push policy-makers to respond to ongoing social changes and challenge them to seek for "imaginative reforms" (Mandy 2005, p.15).

Educational decentralization became in vogue in the 1970`s among policy-makers, and practitioners, and has since been debated by governments and international agencies throughout the world, engaged in the development of education (Lauglo, 2008). Decentralization of education is a policy aimed to increase efficiency in the use of resources and to improve the quality of education through the distribution of select decisions, responsibilities and tasks from higher administrative levels and on down. Many variations can be found in methods of implementing a decentralized policy throughout the public service sector.

Management by objectives is a form of decentralization that was introduced in the Norwegian education system in the beginning of the 1990s (Koritzinsky 2001, p.120). Management by objectives as an organizational strategy was meant to promote effectiveness and efficiency in Norwegian schooling by making operations more goal-oriented and optimizing the efficient

use of resources. The delegation of finance responsibility down to the school level was supposed to provide more freedom and greater flexibility to manage the school budget, and to use public funds more efficiently by making fiscal expenditures more goal-oriented (Hagen 2010, p. 149).

On the contrast, Ukraine declared its independence on 24, August, 1991. Having been an integral part of the Soviet Union for over 70 years, Ukraine has inherited a highly centralized and unified pattern of educational system from the past (Janmaat 2000, p.70). In the late 90s, some changes in distribution of financial resources for education were introduced. The financial responsibility for education was transferred from the national to the local level on the view that it would improve efficiency in the delivery of public service and, hence, result in the more efficient allocation of resources. According to the World Bank report entitled, Report No. 366761-UA (www.go.worldbank.org), there remains inefficiency regarding financing, administration, and regulation in the educational sector. While fiscal decentralization had brought several positive changes, the reform was said to be incomplete,- and the report noted that the main obstacle hindering the fulfillment of its benefits was that local governments had rigid budgets which were mostly hijacked from their intended purposes of funding for wages and heating (www.go.worldbank.org). Hard budget constraints in the educational sector and the lack of efficiency in administrative coordination are often major obstacles for successful financial restructuring.

Only a few studies (Slukhai 2006; Shukevich 2009) could be located for the purpose of this research regarding the potential for a school restructuring agenda in Ukraine. Implementing a school-based management (SBM) policy was discussed among Ukrainian educators as a project proposal at International Educational Forum , known as “Artek Dialogue” in 2009 (L.Paraschenko, personal communication, September 5, 2009), and since this time no further research or initiatives have been identified within Ukraine. Therefore, this paper attempts to address the following research question:

- Is greater school autonomy achievable in the socio-economic context of Ukraine?

To explore this research question, a comparative study of school management approaches in public lower-secondary schools of Oslo, Norway and Kyiv, Ukraine has been selected. The contrast between Norwegian decentralized school management and the highly centralized

school management in Ukraine provides two unique perspectives on the concept of decentralization vs. centralization in education.

The objective of this research is to analyze the relationship and coordination of schools within the cultural and economical context of each of these countries, both on a micro and macro level. It is important to take a retrospective glance of each country with a particular emphasis on the national cultural nuances, and their historical context, in order to adequately outline and discuss the main features of cultural perspectives relevant to this study.

1.2 Data Gathering

Since it is the school leaders that are officially positioned to deal with different school issues on the micro level, the principals of public low-secondary schools in the cities of Oslo and Kyiv became the key informants of this research. In order to gather the research data, semi-structured interviews with open answered questions were applied.

The following topic was explored during interviews:

- School autonomy. To what extend do the schools (of respectively Oslo and Kyiv) have freedom to decide on school matters like budget, curriculum, teaching methods, student and teacher recruitment, school maintenance, examination and supervision?

The central concern of the interviewed principals in both countries appeared to be the same-: school budget, finance management, the way they deal with these matters and the challenges they meet. As a result, the issue of autonomy in school finance management directed the study to the deeper exploration of the topic that further narrowed down the research questions to the following:

- To what extend do schools in Oslo and Kyiv have freedom to decide on school budget matters?

- Is greater school autonomy on budget matters achievable within the socio-economic context of Ukraine?

Due to a limited knowledge of economics and of administrative and financial management in the countries, I needed to conduct additional interviews with the professionals in order to understand the existing financial system on local and state levels within the two countries. Research in the coordination and operational aspects of the distribution of educational funds was conducted through analysis of secondary data and key policy literature of each of the two countries.

In order to understand the possibility of greater school autonomy on budget matters in the socio-economic context of Ukraine, an examination of the national culture and historical development of educational systems of Ukraine and Norway was conducted. In this research, a comparative analysis of educational progression and the policies that have guided these changes may give deeper insight into the present condition of education to each of these countries and beyond.

1.3 Overview of the Study

To fulfill the study's main purpose, i.e. to provide an analysis of the possibility to develop greater school budget management autonomy in Ukraine under the present socio-economical conditions, the research was based on a comparative study of two national cases. These were selected primarily because of professional and personal contexts when the study project was planned. In the research, a cross-national study design was used, based on comparing and documenting the ways in which the school principals in Norway and Ukraine are currently managing their school budgets. Taking a comparative retrospective glance with attention to the national culture, and the context of both countries was deemed necessary in order to comprehend the recent educational policies and development changes in each respective educational system.

Each case study entailed fieldwork for a period of 5-7 weeks. The fieldwork in the city of Kyiv was carried out from September-October, 2009. The fieldwork in Oslo was completed at the end of 2009- beginning of 2010.

Two bodies of data were constructed. First, data was completed based on qualitative research interviews with the six school principals. Second, data was collected through academic research of specific documents, articles and publications relevant to the study.

These two bodies of data were analyzed through a three-stage process. First, an historical overview of Norwegian and Ukrainian education evolution and the policies regarding administrative organization and operation of schooling in both countries was compiled. Second, a narrative analysis based on the qualitative interviews of the school principals was used to inform the research. Third, an interpretive stage involved comparing the two case studies, and resulted in the development of the main conclusion of the study.

1.4 Organizing the Thesis

The following chapters in this thesis are organized in a manner that reflects the timeline of the research project`s development.

Chapter 2 provides a theoretical foundation for the thesis. The theoretical framework includes five concepts related to the aspects of school-based management. The chapter opens with a discussion of the influence of globalization on the formation of educational systems. One of the most common education reforms facilitated by global changes is decentralization in education. SBM is often part of a wider policy of educational decentralization that aims to increase efficiency and effectiveness within the system. It is argued that the idea of loosely-coupled organizations will give insight on linkages in the organizational structure in education. Since school finance is one key element of `coupling` in the systems of organization, the last section will focus on budgeting aspect in SBM.

Chapter 3 focuses on the main methodological issues of the thesis. The chapter includes six sections. Research questions are further elaborated posed in the first section. The second section describes the general research design used to conduct the study. The third part defines the methods of data gathering. Analysis procedure is outlined in the fourth part of the chapter. The fifth section discusses the issues of reliability and validity of the study. The sixth section presents a discussion on possible bias, issues of data accuracy and research limitations.

In chapter 4, the thesis suggests that contextual factors and historical continuities may determine directions of the educational development. Cultural traditions and historical evidence of applying decentralization policies in the past might explain the ability to decentralize in future scenarios. A tradition of local community participation and a historical experience of local self-governance in some countries tends to help facilitate attempts to decentralize education. On the other hand, a long history of centralized education may make other countries resist decentralization, or face considerable challenges when implementing such changes. In that chapter, a brief presentation of the evolution of Norwegian and Ukrainian education and the policies regarding administrative organization and operations of school systems in both countries will be provided.

Chapter 5 provides an overview of the financial provision for the educational system in Ukraine and Norway. It also shows how the Ukrainian and Norwegian principals interviewed deal with the challenges and issues regarding financial management of their schools. The chapter is based on interviews with the heads of two Kyiv schools, four principals of schools in Oslo, and a parent representative of a school board. It also includes an analysis of the white papers and articles regarding budgeting in both countries.

The final Chapter 6 interprets the research findings. In this chapter, a comparison of the experience of the school principals in Norway and Ukraine regarding their budget efforts, and challenges they have met within the framework of the national contexts. The comparative analysis shows visible differences and some similarities across both cases studies. The conclusions are based on this analysis and address the question of under what conditions the schools of Ukraine may enjoy more freedom in budget work.

2 Chapter 2: Theory

This chapter will give a theoretical foundation to the thesis. The theoretical framework includes five concepts related to aspects of school-based management.

This chapter opens the discussion about the influence of globalization on educational systems and addresses on one of the most popular reforms facilitated by such global changes-decentralization in education. The framing of decentralization will lead to the concept of school-based management as one type of educational decentralization. The following idea of loosely-coupled organizations will give an interesting insight on linkages in organizational structure in education. Then, since school finance is one key element of coupling in the systems of organization, the last section will focus on budgeting aspect in SBM.

2.1 The Influence of Globalization on Educational Systems

New forms of technology that appeared at the end of the 20th century have fostered the acceleration of worldwide interdependencies and global exchanges. These interactions and interdependencies are frequently referred to as the term of `globalization` (Stegler 2003, p.41). Globalization is a phenomenon commonly associated with a process of ongoing changes, both drastic and widespread, in all areas of social life. It is not a single process, but a set of simultaneously processes overlapping with one another in different domains of a society, particularly in economics, politics, and culture.

Economic globalization. The internationalization of trade is linked to 'liberalization' of economies around the world (Stegler 2003, p.42). The shift from Keynesian and Marxist theories to a new neo-liberal economic order advocates the internationalization of trade and finance, the increasing of competition, marketization and privatization of public enterprises. The new neoliberal economic order was introduced along with 1989-91 collapse of Soviet Union in the countries of Eastern Europe (Stegler 2003, p.40) where the international economic institutions like the IMF and the World Bank became significant actors into their

national economies (Stegler 2003, 52). More countries than ever before have been affected by, or involved, a in global economic process (Daun 2007, p. 9). Some countries have been able to compete in the global market, while others were pushed into more or less marginal positions (Daun 2007, p. 9).

Political globalization is defined as a phenomenon driven by economic and technological forces (Castells 1996; Reich 1991; Stegler 2003). The rapid expansion of global economics has weakened the capacity of the governments to establish independent national policy objectives and their own domestic standards. The idea of a nation-state's power has lost its dominance in the 'borderless world' of global economy. States have become less capable of controlling and protecting their currency and have become more dependent on the financial situation in the global market. (The most vivid example of the vulnerability and dependency of domestic economics on the global economy is perhaps the financial crisis of 2007- 2010). States have been forced to adjust their domestic economies to new forms of interdependence and, hence, made their political decisions in accordance with new economic contexts. Trade liberalization has constrained political options and weakened the boundaries between domestic and foreign policies. With the weakening of nation-state power, regional blocs have started to integrate economies into a common regional economical unit with common institutions of governance such as European Union.

Along with economic liberalization and the global integration of markets, political globalization has resulted in the emergence of democratic transnational social forces in global society. The larger adaptations of formal procedures, such as voting and greater civic participation in decision-making by non-Western countries, are seen as some major democratic elements of the ongoing globalization process.

Cultural globalization. The recent development of technological infrastructures supplied by the information systems and telecommunications industries has facilitated the expansive cultural exchanges and activities across the globe. Intense migration of populations over the last decades, as well as the Internet and media, has played a dominant role in generating the emergence of global culture. Culture has become less territorially based than ever before. The

declining number of languages across the world, coupled with the strengthening position of English as a language of international communication, points to the growing effect of homogenizing cultural forces.

Globalization is a hotly disputed phenomenon provoking disagreements over ideology and positive/negative effects of the process. A full evaluation of the phenomenon lies beyond the scope of this paper; however, the rising influence of globalization on the development of contemporary social life is irrefutable.

Subsequently, the question beckons, does globalization affect education and does it have an influence on decision-making process within education systems? And if so, how?

As Apple points out (WCCEES, June 2010) "education is not neutral". Education is not an autonomous center of national power and it cannot stay separate from the global social changes and developments. Education adapts to modern life and is shaped by such current trends.

Globalization coupled with new information technologies and innovative processes has increased competition among nations in the international economy, and in turn, sets certain demands on the transference of knowledge in global markets. Knowledge has become fundamental to globalization, and such as, globalization makes definite demands on the production and transmission of knowledge (Carnoy 1999, p.14).

According to Mundy (2005), globalization processes bring challenges and opportunities to education systems, and clearly beg policy responses towards these changes. Globalization requires new ways of thinking about effective forms of governance and democratic accountability in a changing social order. In her article, Mundy (2005, p.10-11) presents the following table showing the impacts on education and policy responses to globalization.

Table 2.1 Educational Impacts and Policy Responses to Globalization Process

	Features	Educational Impacts	Education Policy Responses
Economic globalization	De-territorialized systems of production	States must compete for investment and jobs	New plans for expanding high level skill formation/ or/ Provide minimum , low cost education
	Multinational corporations	Rapid expansion of transnational corporate training system outside	Government tries to incorporate public-private partnerships.

		state control (e.g. Cisco schools, Sony University) Financial base of state less stable	Government does not regulate or interfere
	New volume and speed in informational flow of finance New informational economy	(a) New High skills needed (but deskilling too) (b) New trans-border flows of knowledge and of educational services	Defensive: cyclical cuts in educational expenditures. Proactive: seek new form of educational investment or new cost efficiencies Reform education for a high skills workforce- introduce new technologies. Liberalize and privatize services allow some to gain needed skills. Support development of next export educational service industry. Regulate/ restrict trans-border commercial flows of education.
Political globalization	Erosion of welfare state compromise (North). Erosion of "developmental state" in South Expending role of international institutions in national policy making	Ability of governments to use education as a social steering mechanism threatened. Debt crisis and structural adjustment in the South limit ability to operate national system of education De-territorialization of policy control (control shifts upwards)	Finance driven reform- cut public educational services and expenditures. Competition driven reform- seek new cost efficiency, and new forms of quality control. Divestment and decentralization reform- shift educational responsibility from nation to locality/ private sector/ individual. Seek new policy alliance with other social sectors Adopt standard policy reform package (decentralization, cost efficiency measures, standardized assessment, private sources of finance). Engage in large scale comparison of educational performance. Push for reform of international institutions, including new financing for education. State divestment of responsibility. New forms of public participation in

	New social movement/ activism linking local and trans- national	Popular educational reform movements demand policy participation	education policy.
Cultural globalization	Technologies encourage trans- border communication and mobility	Schools less influential as sources of knowledge and identity. Growing disparity in access to knowledge and learning opportunities.	Defensive continue to use schools to produce national citizen. Proactive: use schools to enhance and equalize individual ability to access new knowledge and to enhance individual mobility,/or/ liberalize education so that at least some learners have optional access.
	Cultural convergence	Positive universal norms link schooling to democratic participation and rights. Westernization, Americanization, and Bureaucratization	Reinforce rights based educational norms in school curriculum and pedagogy. Global citizenship education. Ignore /or/ use curriculum to defend national or cultural identities.
	Cultural divergence	New fundamentalism, expansion of separate system of education New hybridism	Renationalize education /or/ ignore. Modify curriculum- multiculturalism.

The table above illustrates how economic, political, and cultural globalization affects education and forces policy-makers to respond to ongoing social changes.

The key drivers of globalization are the increased competition in the world labor market, and the raising advancement of new technologies that forces states to seek new ways to improve the quality of educational services, and to lower state expenditures at the same time. "Competiveness-driven reforms" are the reforms that respond to shifting demands for skills in the labor market while at the same time, seeking new efficiencies in organizing educational delivery. The reforms called "finance-driven reforms" search for correcting finance imbalances through cutting educational services and expenditure. Increased human mobility and the advancement of modern technology, where the exchange of information and communication becomes easier than ever before, generates impacts from one culture to another, and in turn, leads a change in the way which societies value education and learning.

Mundy differentiates globalization into three categories; the economic, political and cultural dimensions of contemporary society, her conclusion states that "the basic denominator of all definitions of globalization" is "deterritorialization of social relationships and rapid

integration of societies across previous territorially bound units" (Mundy 2005, p.15). She claims that the ongoing changes cannot be simply met with nation-based defense or competition-driven reforms; globalization challenges educational systems to seek for more "imaginative policy responses" that requires new kind of thinking about democratic accountability and operative forms of governance (Mundy 2005, p.15).
One of the responses to this changing social order has been decentralization reforms in education systems.

2.2 Educational Decentralization

The process of globalization has influenced the spread of decentralizing reforms and has penetrated the operating structures of schools. Educational decentralization has become a vogue issue throughout the world. Decentralization in education is associated with effectiveness and accountability, reductions in education finance, efficiency, and the redistribution of power. In order to understand the reasons for educational decentralization`s emerging and its popularity, it might be useful to start with the nature of centralization in education.

2.2.1 Educational Centralization and the Reasons for Educational Decentralization Appearance

After the Industrial Revolution, most education systems became centralized in order to improve the quality and efficiency of learning through the standardization of education. The decisions over education were made by a single government body, often a ministry of education to assure that everyone received the same educational standards (Welsh & Mc Ginn 1999, p.25). As typical large administrative institutional units, educational systems have been organized along bureaucratic lines with a clear top- down system of management and a centralized decision-making power.

Bureaucracies are organized into a hierarchical structure with a vertical chain of authority that is formally defined as:

National/federal

▼

Regional/municipal

▼

Local level.

To put it simply, the top of the hierarchy holds the keys to top-level decision-making. The decisions are then either coordinated or provide a certain level of latitude for decision-making at the intermediate level of the bureaucratic structure. The intermediate level actors might then further specify the functions to be performed by a lower position of the structure.

The term "bureaucracy" has gained a negative connotation with inefficiency, slow working agencies, as well as insensitivity to the needs and circumstances of individual. Max Weber, a German sociologist and political economist (1864-1920) sees bureaucracy as a form of rational and efficient organization of modern-state institutions. Bureaucracy follows the principle of hierarchy: each lower level is controlled and supervised by a higher one. The officials are selected on the basis of technical qualifications: "bureaucratic administration means fundamentally the exercise of control on the basis of knowledge" (Weber in edition 1997, p.339). He viewed an ideal type of bureaucracy as a solution to a problem of earlier administrative systems. According to Weber each of part of a system is interrelated and, in this combination, the organization is expected to be more efficient and effective. Even though Weber sees an administrative system as a combination of interrelated elements, he primarily focuses on organizations as systems of domination where leaders exercise central control over a hierarchy (as cited in Scott, 2003, p.43-50).

Lauglo (1995, p.6) asserts the concept of 'bureaucratic centralism' as an ideal type of centralized structure in public services. As an example, he describes the manner in which French public education was traditionally organized. Within an educational system, there are separate ètats (department) for primary and secondary school teaching. The coordination within each such ètat is accomplished by centrally set regulations and by a hierarchical chain of authority. Another distinct example of 'bureaucratic centralism' is military organizations. Lauglo says that bureaucracy in civilian public services has historically been a part of building a strong modern state, whether it is a monarchy (for example, historical Prussia, tsarist Russia and France under Napoleon) or a modern form of absolutism (Nazism and

Stalinism) or a democratically constituted national government with strong goals of centrally directed social improvement.

In summary, educational systems have had and still have a complex system of organizational bureaucracy. One can recognize the clear traces of Weber's ideal type construct of bureaucracy and Lauglo's "bureaucratic centralism' in modern educational systems. Additionally, educational systems have been historically organized through centralization of governance, in order to provide standardization of schooling that, in turn, makes it possible to apply 'best practices' of that given era.

After a long period of centralization, since the 70- 80s, countries around the world have faced new challenges that have provoked further changes in educational systems' organization. More and more educational systems around the world have started implementing decentralization reforms in the educational sector.

A reasonable question is popping up: what are the driving forces behind educational decentralization's emerging and further popularity among policy-makers?

Reforms are strongly associated with the process of globalization and have resulted in massive decentralization. It does not mean that globalization itself requires or causes decentralization (Carnoy 1999, p.44); rather, decentralization reforms are a response by policy-makers to the new demands of globalization. Decentralization carries the message of ideology identified with globalization and the development of a global economy in a definite direction.

As was mentioned above, the process of globalization is often seen from economical, political, and cultural perspectives; such forces that have initiated decentralization reforms can be distinguished among these factors. Again, these factors are not distinct or autonomous; rather, they are intertwined and overlap with each other.

Political-economical factor. 'Liberalization' of economies and rising competition in the world labor market, have eroded the economic situation of the states that has led to a shortage of state financial resources. The escalating demand for skills in labor markets and competitiveness established new standards for providing a particular quality of teaching. In

addition, education systems around the world have doubled and tripled their enrollments (McGinn & Welsh 1999, p.27), which has in turn, increased financial expenditures and at the same time tightened the financial capacity of state centralized systems to provide and maintain a standard level of education. Growing public dissatisfaction due to declining educational performance and the attempts of governments to manage education in more efficient and cost effective ways caused a shift in decision-making from centralized to more so at the local level. Implementing educational decentralization may often be seen by policy-makers as the right solution for overburdened centralized systems to resolve financial and adequately address the issue of quality in education. As a result of it, privatization of public education has become a global phenomenon. It got favoured as a means to improve the quality level of schooling and to ease state`s expenditures on education.

The ideological shift toward neoliberal values promotes the principles of democratic participation of the local groups and lessens the central control of the governments. The increased role of local groups in educational decision-making has become a part of decentralized management policies.

In a globalized era, under the influence of modernization and pressure from international agencies, educational systems have tended to borrow and imitate educational models from elsewhere in order to improve their own competitiveness on the global market (Daun 2007, p.29).

Political factor. Another reason for decentralization given by Daun (2007, p.29) is a weakening legitimacy of the state/public sector. Slater (1993, as cited in Daun 2007, p.29) sees a combination of centralization and decentralization as efforts by the central state "to increase its legitimacy by neutralizing or "atomizing" conflicts in society and mobilizing more resources from society". Elites and bureaucratic institutions have a tendency to protect their power and may seek ways to intensify it. In such cases, they may let their power fall unwillingly and especially to their apparent opponents and to groups in which they do not have enough trust. They will more willingly distribute authority to groups with similar views and interests in whose competence they can rely on. Thus, the general agreement among the groups and stake-holders, with a mutual perspective, may create a condition that makes implementation of decentralization less difficult and result in less resistant from those who lose their power in redistribution of authority (Lauglo 1995, p.7).

Cultural factor. In many countries, one can find a diversity of cultures, and centralized systems tend to meet them in a standardized way. The demands of cultural minorities have recently gained more legitimacy than ever before (Daun 2007, p.29).

The given factors foster the emergence of educational decentralization as a strategy which bears three major motives:

- Political motive- increased participation of the groups in public decision-making;
- Level of funding motives- central governments are not able to provide adequate funding to finance schools;
- Efficiency motives- enlargement of local decision-making will reduce the cost of schooling (McGinn & Welsh 1999, p.29)
- Social motives- local decisions are more sensitive to community needs (Abu- Duhou 1999, p.33).

2.2.2 The Concept of Educational Decentralization

Since educational decentralization is instituted for various reasons and under it is different cultural contexts, a considerable variety of its applications and forms of practices can be found. The concept of decentralization is "slippery" (Gershberg 1998, p. 405). The phenomenon can mean different things to different people. Thus, it is useful to make clear the concept of decentralization and present the major current trends of its implementation.

Different definitions of decentralization have been offered by many scholar's within this field of studies. The definition that is often cited in papers on decentralization presents the process as "a transfer of planning, decision- making, or administrative authority from the government to its field of organizations, local government, or non-governmental organizations" (Chemma & Rondinelli, 1983, p. 18). Hanson's (1998, p.112) perception of decentralization supports the previous statement. He explains decentralization as "a transfer of decision-making

authority, responsibility, and tasks from higher to lower organizational levels or between organizations".

In another definition, Lauglo (1995) tries to disaggregate decentralization saying that "decentralization refers not only to the process but also to the condition of objects being located remote from a center".

In a later article, the same author points out that "decentralization in education means a shift in the authority distribution away from the central 'top' agency in the hierarchy of authority. Different forms of decentralization are diverse in justification and in what they imply for the distribution of authority" (Lauglo 1997, p.3).

On the other hand, McGinn and Welsh (1999) say that "decentralization is about shifts in the location in those who govern, about transfers of authority from those in one location or level vis-à-vis education organizations, to those in another level."

Though the given definitions diverge at some points, the main focus emphasizes the transfer of a degree of definite authority from the 'top' towards lower levels of the hierarchy, or to newly created or existing regional or local offices. Thus the concept can entail the complexity of forms, and be examined in terms of degree and territorial space.

2.2.3 Typology

The distribution of power along different levels of an organizational structure, and the different reasons and motives for implementing decentralization reforms, including particular aims, and a variety of factors as countries' backgrounds, culture, and values creates a complexity of forms, types, applications, and implementation of educational decentralization.

A typology of decentralization structures created by Chemma and Rondinelli (1983) is commonly used in literature sources on educational decentralization (Abu- Duhou 1999; Winkler 1989; Winkler & Gershberg 2003; McGinn & Welsh 1999, 2003). Chemma and Rondinelli (1983) and identifies four basic forms of decentralization based on the degree of authority transfer: deconcentration, delegation, devolution, and privatization.

Winkler and Gershberg (2004, p.327) adapted Cheema and Rondinelli's typology of decentralization to education and presented the transfer of authority in educational systems shown in the table below.

Table 2.2 General and Education Decentralization Matrix

Education/General	**Administrative**	**Fiscal**	**Political**
Deconcentration to Regional Government Offices and Regional MOE Offices	Managerial decisions and managerial accountability are moved to regional offices of central government and MOE	Regional managers are given greater authority to allocate and reallocate budgets.	Regional, elected bodies are created to advise regional managers.
Devolution to regional or local governments	Education sector managers are appointed by elected officials at local or regional level.	Subnational governments are given the power to allocate education spending and, in some cases, to determine spending levels (that is, by raising revenues).	Elected regional or local officials of general purpose governments are ultimately accountable both to the voters and to sources of finance for the delivery of schooling.
Delegation to schools and/ or school councils	School principals and/ or school councils empowered to make personnel, curriculum, and some spending decisions.	School principals and school councils receive government funding and can allocate spending and raise revenues locally.	School councils are elected or appointed, sometimes with power to name school principals.
Implicit delegation to community schools	School principals and community school councils make all decisions.	Self- financing is used with some government subsidies, especially in remote areas where public schools are not	School councils are often popularly elected.

		present.	

The table identifies different types of education decentralization according to their degree of authority and responsibilities transferred to lower levels of an organizational hierarchy pyramid.

Deconcentration denotes the transfer of authority, responsibility, and financial resources of the central government to its own staff located outside the central offices. Deconcentration reduces the concentration of authority at the 'top' (Mc Ginn & Welsh 199, p.18) in order to make the state's operations more efficient and locally adapted (Lauglo 1995, p.21). The implementation of this policy does not give any real authority to educational officers outside the ministry to make their own decisions; it is about shifting responsibilities from superiors to lower level staff inside the same hierarchical structure. Lauglo (1995, p.21) specifies deconcentration as 'a structural shift' within a system of bureaucratic centralism structure of organization. Likewise, Festler (1968, p. 373), states that deconcentration can not be viewed as decentralization,- because the transfer of the responsibilities toward lower levels of the same structure does not involve any decentralization of power.

Delegation refers to the transfer of governmental tasks or functions to autonomous organizations (Winkler 1989, p.4) that are outside the regular bureaucratic structure and that are only under indirect control by the central government (Abu-Duhou 1999, p. 32). It could be public corporations or regional agencies that are supposed to be administratively and technically able to carry the authority without the direct supervision of superiors but basically stay accountable to them. In the table presented by Winkler and Gershberg (2004, p.327), it follows that delegation may involve school principals and/or school councils' empowerment on personnel, curriculum and budget matters. Meanwhile, implicit delegation to community schools presents this type of decentralization where all decisions regarding school administration and finances are made by school principals and/or community school councils. The schools get some government subsidies to special cases and are mostly self-financed.

Devolution involves the creation of autonomous and subnational units of government that have considerable decision-making authority in some functions (Winkler 1989, p.4). Bray and Mukundan (2003, p.4) call devolution one of the most extensive of these three forms because

subnational officers may choose to inform their decisions while the role of the center is mainly limited to collection and exchange information. Devolution allows greater community participation in making the decisions on education matters and financial resources.

According to Fiske (1996, p.10), deconcentration is the weakest form of decentralization which is no more than the shifting of management responsibilities from the central to lower levels while the central ministry control remains firm. The author views delegation as a more extensive approach to decentralization where the central government lends authority to lower levels with "understanding that the delegated authority can be withdrawn". Devolution is the most extreme form of decentralization where the transfer of authority on financial, administrative, and pedagogical matters is constant and cannot be taken back by the central authorities.

Privatization is one of the last classifications of decentralization typology by Chemma and Rondinelli (1983) which is not mentioned in the table above. Privatization presents the transfer of some planning and administrative responsibilities to private for-profit and non-for-profit institutions. From Hanson's (1997) point of view, this type of decentralization is a form of devolution since responsibilities are transferred from public to private sector institutions.

The information above outlined the general current trends of a complex phenomenon, educational decentralization. There are often terminological mismatches with types of decentralization and controversial analyses of the scholars about the same phenomenon. Because of a considerable variation in actual practices, the same term can often denote different phenomena, and in the same regard, the same phenomenon can be labeled with different terms from different sources of literature (Daun 2007, p.32).

After briefly discussing educational decentralization as a theory, a more detailed analysis of one of the most popular decentralization policies in education, school-based management, will be provided.

2.3 School-based Management

The concept of 'global village' (the policy-report "Learning: The Treasure Within" from UNESCO 1996, p.179 ff.) implies the idea of the rising impact of global trends on nation-

states and local communities. Decentralization in education is not just about moving the certain functions on a geographical level, but it is about transferring decision-making control closer to those who actually deliver the services. Some decentralization policies allow schools greater autonomy in school management. School-based management, school-based governance, school self-management and school site management are the different terms for a similar trend which all involve more autonomous decision-making over school management in regards to human, material, and financial resources (Grauwe 2005, p.271). Throughout the paper, the term 'school-based management' (SBM) is used to refer to these range of policies.

Some authors view school-based management as the panacea for quality improvement; others doubt that SBM has the necessary positive effects on school outcomes (Grauwe 2005, p. 271). This study will further analyze the challenges of implementing a SBM policy. But before moving to this part of the paper, some clarity of the basic features of the SMB concept is needed.

2.3.1 The Concept of School-based Management

For the purpose of this paper, Caldwell (2005, p.1) defines the concept of school based management as "a systematic decentralization to the school level of authority and responsibility to make decisions on significant matters related to school operations within a centrally determined framework of goals, policies, curriculum, standards, and accountability".

Abu-Duhou (1999) calls school-based management a reform associated with "the restructuring of public education systems into networks of self-managing schools that are organized around centrally policy guidelines, combined with school-level autonomy for the management of the educational environment and deployment of resources" (p.5).

Therefore, even though school and/or community stakeholders are given more freedom and responsibilities to manage schools themselves, they still follow a centrally determined set of guidelines on specific matters.

Grauwe (2005) claims that "school-based management involves the transfer of decision-making power on management issues to the school level" (p.271).

While another publication by Barrera-Osorio, Fasih, Patrinos and Santibanez (2009) defines SBM as "a form of decentralization that makes the school the centerpiece of educational improvement and relies on the redistribution of responsibilities as the primary way to bring about these improvements" (p.4).

These definitions give plenty of room for interpretation where fundamental issues become "what" kind of authority, decision- making, responsibilities are given to schools and "who" at the school level receives this decision-making authority. In response to the "what" question, Candoli (1995, p.1, as cited in Abu-Duhou 1999, p.30) claims that the decisions typically decentralized are those that directly affect students. For instance, programme decisions, curriculum decisions, time-allocation decisions, and instructional decisions. On the other hand, Caldwell (2005) describes school-based management as decentralization on the school level "within a centrally determined framework" (p.1). Caldwell and Spinks (1992, p. 4-5, as cited in Abu-Duhou 1999, p.30) have defined the resources which are decentralized but still remain accountable to central authority for the manner they are allocated.

- Knowledge: curriculum and the goals or ends of schooling;
- Technology: means of learning and teaching;
- Power: authority to make decisions;
- Material: the use of facilities, supplies, and equipment;
- People: human resources;
- Time: allocation of time;
- Finance: allocation of money.

Bullock and Thomas (1997, p.7-8, as cited in Abu-Duhou 1999, p.31) present the range of matters to decentralize could include:

- Admissions: which pupils are to be admitted to the school;
- Assessment: how pupils are to be assessed;
- Information: the selection of data to be published about school's performance;

- Funding: the setting of fees for the admission of students.

In respond to the question ‘who’ at the school level receives the authority of decision-making, Caldwell (1998, p.58) distinguishes school-based management, where the authority is given to professionals within schools (generally principals with senior teachers), and school-based governance representing parents and the community.

The combination of two dimensions, ‘what’ kind of authority is given to the school and ‘who’ gets this authority was called by Barrera-Osorio et al. (2009) “autonomy-participation nexus” (p.4). The diversity of ways to combine different degrees of autonomy and participation makes almost every school-based management reform unique and different from each other (Barrera-Osorio et al. 2009, p.5).

2.3.2 Forms of School-based Management

School-based management models are shaped by policy-makers’ objectives, and by particular national policies and social contexts. The degree of authority given at the local level can be recognized anywhere from limited autonomy, to those that may allow community stakeholders to create their own schools. Barrera-Osorio et al. (2009, p.6) define ‘weak’, ‘moderate’, and ‘stronger’ degrees of autonomy awarded to schools. The authors refer to ‘weak’ SBM reforms limited autonomy related to instructional methods or planning for school improvement. However, when school councils start taking an advisory role, this may be classified as a ’moderate’ SBM reform. And eventually, in educational systems where school councils become even more autonomous, meaning they receive funds directly from the central government, and that all hiring/firing school of personnel is within domain of the local school, along with and curricula setting would be defined as a ‘stronger’ type of SBM reform.

The following is another type of classification of school-based management regarding the decision-making power devolved to the school level that was identified by Leithwood and Menzies (1998, p.328-334):

1. Administrative control; where local school administrations/ principals are given authority to make the decisions on significant matters such as budget, personnel, and curriculum. The aim of such a power transfer is to enhance the accountability to the central district for the efficiency of expenditures.

2. Professional control; where the teaching staff is given the authority to decide what is best for the school. The assumptions toward this model are that the professionals are closest to the pupils and have the most relevant knowledge for making decisions regarding some aspects of schooling.

3. Community control; where a local group or the parents, through a board are in charge. The assumptions are that the curriculum of the school should reflect the preferences and values of the parents or the local community.

4. Balanced control; where the parents and the professionals share authority over decision- making equally. The aim of this model is to make better use of teachers' knowledge to make the key decisions and to be more accountable to the parents and the local community.

The concept of school-based management and its forms, meaning a school that implements a school-based management reform receives greater authority and responsibilities to make their own decisions on specific matters; but it remains framed by centrally determined guidelines, from one side, and ought to be more accountable to community stakeholders, from the other side. The logical question emerges as to whether the school with SBM receives genuine autonomy.

2.3.3 The Pros and Cons of School-based Management

The variety of school-based management systems implemented within a variety of national contexts raises the debate about the advantages and disadvantages of school-based management.

There are a number of arguments supporting the implementation of the policy discussed. The five most common assertions advocating for SBM as presented by Dimmock (1993) and Caldwell (1994) (as cited in Grauwe 2005, p. 274) are the following:

- School-based management is more democratic. Allowing the school, the larger community, or both to make their own decisions about education is for certainly more democratic than to keep those decisions in the hands of central-level officials.

- School-based management is more relevant. Shifting the decision-making toward those who are closer to where the problems are being experienced may lead to more relevant policies.

- School-based management is less bureaucratic. Decisions taken at the local level are done more quickly since they do not need to go through a long bureaucratic line of intermediate offices.

- School-based management allows for greater accountability. Giving schools authority to make decisions causes greater accountability to parents and the community. Such accountability is viewed as a tool for greater effectiveness.

- School-based management allows for greater mobilization of resources. Stakeholders will be more eager to contribute to the funding if they get a stronger participation in the management and organization of it.

There is another belief that school-based management has an impact on educational outcomes. Caldwell (2005, p.8) states that there have been three generations of studies on SBM, and it is only the last studies show that the impact on learning outcomes has emerged, and then only when particular conditions have been fulfilled. An important implication is that school leaders should be aware that school-based management implementation does not necessarily lead to greater learning achievements by pupils; it is important to make an effort to ensure that organizational mechanisms operate the right way. Grauwe (2005, p. 275) supports the previous statement saying that some general research evidence has demonstrated that "the quality of education depends more on the way schools are managed than on the availability of resources". Moreover, the research shows that the improvement in school teaching and learning is strongly influenced by the quality of the leadership provided by the headmaster.

The context of the countries needs to be taken into account, particularly, in developing countries, where the introduction and implementation of SBM reforms carry a series of challenges that should be mentioned. In addition to the importance of the management work

of the school principal, Grauwe (2005, p. 269-287) presents the strategies which must accompany SBM in order to ensure a positive effect on learning quality:

- a supportive state framework; weak governments are not able to develop accountability frameworks for school autonomy or to support schools;

- guaranteeing that all schools have certain basic resources to be spent on basic supplies, equipment, and services;

- providing schools with regular information on their performance and advice on how they might improve.

The measurement of school's outcomes by government authorities- and perhaps international agencies, and the dissemination of 'best practices' examples are required to establish a positive impact with SBM.

A World Development Report 2004 (World Bank 2003, as cited in Barrera-Osorio et al. 2009, p.13) demonstrates that increasing school autonomy and accountability can actually help to solve some of significant problems in education. The report states that enhancing the flow of resources and providing other support for education gives poor people greater access to quality of education. The ability to translate these resources to basic services can successfully meet the needs of the poor. Schools should be given some autonomy in using their finances, and they should assure that the resources are utilized in an accountable and transparent fashion.

Some reasonable conclusions can be drawn from this section of the paper. Dependent on the context of the countries and the goals to be achieved, there are a series of conditions that must be accomplished in order to ensure successful SBM introduction. The fundamental conditions have to include: 1) a minimum amount of resources to organize and manage the schools; 2) competent and expert school leaders; and 3) a supportive state framework with programs to evaluate the school's achievements.

2.4 Schools as Loosely Coupled Organizations

This section presents the concept of loosely coupled organizations in an educational system where the schools are viewed as loosely coupled units. Among the multitudes of organizational theories, the concept of loose coupling seems to be more suitable in describing the phenomenon of SBM in an organizational structure of education. The concept provides an interesting perspective and a new viewpoint on interdependency and ties together all of the elements in complex and fragmented authoritative relationships in education.

In section 2.2.1, the discussion focused on education systems as a complex system of organizations and a large administrative unit of bureaucracy. As was aforementioned, bureaucratic systems are organized into a hierarchical structure with vertical chain of authority that is coordinated and managed by established rules and regulations. The relationship to the different elements in a bureaucratic education system may show more or less interdependency between them; it depends on constraining practices and how the education system is centralized or decentralized.

Research conducted by Glassman (1973), Weick (1976), and Orton and Weick (1990) present the concept of loose coupling in complex organizational systems. Glassman (1973, p.73) claims that loose coupling is present when systems have either few variables in common or share weak variables. Orton and Weick (1990) illustrate loose coupling as "a situation in which elements are responsive, but retain evidence of separateness and identity" (p. 203). The authors (1990, p. 204) suggest that any organizational level (top, middle, or bottom) includes an interdependence of elements that can vary in the number and strength of their interdependencies. The degree of dependency of linked elements determines whether they are loosely or tightly coupled. Weick and Orton (1990) identify eight most commonly occurring types of loose coupling:

- individuals
- sub-units
- organizations
- hierarchical levels
- organizations and environments
- ideas

- activities
- intentions and actions (p. 204).

The fourth type of coupling, coupling that occurs between hierarchical levels, provides a basis for the conceptual framework of this paper in order to further explore the coupling that occurs between the top and the bottom of an organizational hierarchy.

The coupling of schools within the higher levels of hierarchical systems happen by way of two primary coupling mechanisms, "technical core of the organization and the authority of office" (Weick 1976, p.4). Technical coupling includes task- induced elements, such as goals, task, sub-task, territory, and persons. In its turn, authority as the coupling mechanism contains positions, offices, responsibilities, opportunities, rewards, and sanctions (Weick 1976, p.4).

The concept of school-based management implies the concept of self-management within the schools, and in such cases, the schools have more autonomy in decision-making and show their relative organizational independence, or even fragmentation in terms of bureaucratic linkages, and can be defined as a loosely coupled unit of organizational hierarchy in education. Under this circumstance, there is not structural looseness, but a conditional looseness where the schools as units preserve their separateness and identity through a partial independence and local uniqueness. Weick (1976) describes seven potential advantages that loose coupling may have for educational organization:

"Loose coupling lowers the probability that the organization will have to- or be able to- respond to each little change in the environment that occurs…. A second advantage of loose coupling is that it may provide a sensitive sensing mechanism…. A third function is that a loose coupled system may be a good system for localized adaptation…Fourth, in loose coupled systems where the identity, uniqueness, and separateness of elements is preserved, the system potentially can retain a greater number of mutations and novel solutions than would be a case with a tightly coupled system…. if there is a breakdown it is sealed off and does not affect other portions of the organization… Sixth, since some of the most important elements in educational organizations are teachers, classrooms, principals, and so forth, it may be consequential that in a loosely coupled system there is more room available for self-determination by the actors…. Seventh, a loosely coupled system should be relatively inexpensive to run because it takes time and money to coordinate people" (p. 6-8).

These global changes establish new economical requirements and demands and put cultural pressure on educational systems of countries around the world. The response to these ongoing changes in socio-economical life lies in the implementation of different types and forms of decentralization reforms that involve a restructuring of the organizational systems. School-based management is one of forms of decentralization that allows the changing of an organization structure at the grassroots level without crucially affecting the system as a whole. The looseness of the units on the bottom of the educational organizational structure provides greater flexibility and adaptation at the local level. Loosely coupled organizations are easily adaptable to small changes in an environment, especially when they are diverse and segmented (Weick 1982, p. 674). The schools get to better "know" their local environment and culture, and consequently, are able to search for the true solutions fitting their local issues and problems; and in the case of tight coupling, the standard way of governing and managing does not always respond accurately to local interests and needs. Goals and right-sized strategies when determined at the local school level may certainly bring improved learning outcomes. Additionally, when problems occur at within a loosely coupled unit, the rest of the system still operates in a stable manner. Restructuring schools is relatively inexpensive because it concerns mostly coordination of people and time (Weick 1976, p.8); financial solutions can be improvised on a local level without necessarily involving central policies. Moreover, in educational systems, where school administrations and teachers can make decisions on some significant matters related to school management, job motivation and satisfaction is evidenced (the results of the Cooperative Research Project in Victoria, Australia from 1994-1997 taken from the paper by Abu-Duhou (1999, p.34).

The disadvantage of loosely coupled systems is that, if a small problem that has a potential to enlarge is not foreseen and resolved in a sufficient amount of time, it can lead to a crisis that might be difficult to cope within the larger system. In tightly coupled centralized systems, the potential problem is more obvious and more likely quick to solve (Weick 1976, p.9-10).

The prediction and prevention of potential large-scale problems is a mission put mainly on the shoulders of school leaders. In such cases, the role of school leadership and management in loosely coupled systems must be clearly defined.

2.4.1 The Role of the School Leaders in Loosely Coupled Organizations

The concept of leadership and management are closely related to each other. Even though many scholars (Bolman & Deal 1997; Fidler 1997; Bush & Glover 2003) agree that there is a distinction between these terms, both leadership and management are central roles in organizational life.

"Leading and managing are different, but both are important. When organizations are over managed but under led, they eventually lose any sense of spirit of purpose. Poorly managed organizations with strong charismatic leaders may soar briefly only to crash shortly thereafter. … The challenges of modern organizations require the objective perspective of managers as well as the brilliant flashes of vision and commitment that wise leadership provides." (Bolman & Deal 1997, xii)

School leaders often act as the managers of most other organizations. They try to monitor performance, correct deviations from standards, specify job descriptions, give orders, make plans and design routines to deal with the problems (Weick 1982, p.673). In tightly coupled, centralized systems, the patterns of governance are quite similar and job duties are mostly linked to the course of study. But as a school becomes a more autonomous unit, thus more responsibility often results in a different style of leadership and management. Hagen (2010, p.149) who conducted her research on the role of school leaders under SBM states that more autonomy in schools involved greater responsibilities and new work tasks for the school administrators pushing them to take up managerialist positionings (Hagen 2010, p.149).

First, school leaders are challenged to acquire new expertise and skills to manage the school professionals. Teachers as professionals often want more autonomy and less control. The plurality of opinions about the school's mission is common under a loosely coupled system. It makes for successful local adaptation but people need some "shared sense of direction" of their work (Weick 1982, p.675). The task of school leaders in a loosely coupled system is to "articulate a theme, reminding people of the theme, and helping them to apply the theme to interpret their work" (Weick 1982, p.675).

Second, they are forced to juggle a variety of obligations to stakeholder groups, and be ready to respond to initiatives that are centrally determined. School leaders can be faced with often contradictory expectations from their respective state, municipality, in addition to parents and

teaching staff which can affect the school leaders' possibility and capacity to meet potentially conflicting demands.

Third, since autonomy of financial decision-making is one of the key elements of SBM strategies, school leaders require a capacity to manage the school budget, matching priorities of resources, budget planning, implementation, and evaluation (Caldwell 2003, p.31).

Weick (1982) points out that "in loosely coupled system, leadership is diffuse rather than concentrated" (p. 675). He states that the total amount of leadership in a loosely coupled system is greater than the amount of leadership in a centralized tightly coupled system, but that leadership is unfocused because of numerous local initiatives. The author suggests that in such case, the administrator has to stimulate these initiatives to move in a common direction by means of eloquence, persistence, and detail (Weick 1982, p. 675).

It follows that localized school management demands expertise in a broad range of skills from school leaders which have to be provided through professional and in-service training (Abu-Duhou 1999, p.32) and what is not less important, involves personal organizational talents.

2.5 Budgeting Aspect in School-based Management

Beside management, another main reason for the introduction of school-based management is a financial argument (Grauwe 2005, p. 271). One key element of SBM is giving schools their own budget authority (Odden 2001, p.86). "A shift of governmental responsibility for the management of financial resources" (Winkler 1993, p. 103) to the school level allows, on one hand, a transparency in finance and a greater accountability to the stakeholders and, on the hand, a greater mobilization of resources. In addition to that, school-based management involves:

- Community participation. School-based management involves greater community participation. If the local community is given more responsibilities for school finances and selecting school leaders, they are likely to get more eager to contribute to the funding; that may cause an increase in educational services with no increase in cost.

- Meeting needs of individual schools. Every school has an individual mix of student learning needs, and that calls for a unique mix of resources of all kinds (Caldwell 2005, p.16). In many centralized systems, the determination of how money should be spent on supplies, equipment, and services is set centrally (Caldwell 2005, p.16) and often many school resources (e.g. text-books, furniture, food for school meals) are purchased centrally and then distributed to local schools (Winkler 1989, p.18). Schools that are able to make decisions on their own budget can determine more accurate needs, and therefore, financial resources can be deployed more efficiently and waste can be minimized.

- Time efficiency. Centralized decision-making may cause inefficiency in the time required for decision-making. Often time, even the most minor expenditure of funds requires filling out a form, sending it to the higher level officials for approval, and perhaps sending another appeal prior to receiving the response, and possibly receiving a response asking for more information or better justification for the request. The length of time required for approvals can add undue time and resources into the process and have adverse effects on education and its ability to run smoothly and efficiently. Most centralized bureaucracies, by their nature make decisions slower than those that can be made on the local level (Winkler 1989, p. 18-19).

A shift in school finance from state earmarked grants toward school-determined management of resource challenges leaders at the central level to design an appropriate finance allocation model that provides a mechanism enable to meet the unique mix of local learning needs (Caldwell 2005, p. 16). Considering the experience of several nations, a resource allocation model often takes into account of the number of students, level of schooling, special education needs, and the location of the school (Ross & Levacic 1999, as cited in Caldwell 2005, p. 16).

An important implication is that central level leaders should determine an appropriate allocation mechanism that delivers resources to schools in manner that responds to the unique mix of individual school needs (Caldwell 2005, p.17).The new school finance management should provide adequate per-pupil revenues for districts and schools to apply educational strategies that they are successful in educating children to those standards, and sufficient additional revenues to help special-needs students achieve performance at the same level (Odden 2001, p.86).

In turn, school leaders will develop plan-driven budgeting that ensures the priorities of school needs, and at the same time, are supported and centrally determined (Caldwell 2005, p.17).

2.6 Summary

The process of globalization has facilitated the trend of decentralization of administrative and operative structures within educational systems. One of the most popular decentralization policies, school-based management, shifts decision-making control closer to schools and allow greater autonomy for local school regarding human, material, and financial resources. The common arguments supporting the implementation of SBM include more democratic, relevant, and less bureaucratic practices in school management; SBM allows for greater accountability to parents and their community and greater mobilization of resources. However, it is important to note that greater autonomy and responsibility to make local decisions on significant matters puts pressure on schools because of the constraints that often exist within centrally determined frameworks and initiatives; and because of the enhanced accountability to various stakeholders.

School organizations can often be viewed as a loosely coupled unit in hierarchical structure of education because of their partial autonomy. Such looseness may have its advantages in terms of administration and management, but at the same time, leadership in loosely coupled organizations requires a high level of competence and expertise in a broad range of skills, including fiscal management.

3 Chapter : Methodology

In this chapter, the main methodological approach to this research is presented. The chapter includes six parts. Research questions are presented into the first part of the chapter. The second part, introduces the general research design used to conduct this study. The third part, discusses the methods for data gathering. The procedure used for analysis is outlined in the fourth part of the chapter. The fifth part, discusses the issues of reliability and validity of the study. The last portion, presents a discussion on possible bias, issues of data accuracy and research limitations.

3.1 Research Questions

The development of appropriate research questions is crucial in planning the research strategy and methods. Bryman (2008, p.276) says that unclear research questions can lead to unfocused research and make the researcher unsure about what the research is about, and the purpose of the data collected. Suitable research questions help a researcher establish a strong foundation, to further identify the appropriate units of study, and research design and methods to carry out the study of interest.

The research questions in this study were developed in a stage-by-stage plan, in order to organize further investigation in an appropriate manner and in a logical progression. The research questions are follows:

1. To what extend do the public schools of Oslo and Kyiv have the freedom to decide over their school budget?

2. Is greater autonomy on school budgeting applicable in the socio-economic context of Ukraine?

3.2 Research Design

Colloquially, a research design that provides a logical plan for getting from here to there can be defined as establishing initial set questions to be answered, and then pursing a is set of conclusions (answers) about these questions (Yin 2009, p.26). Philliber, Schwab, and Samsloss (1980, as cited in Yin 1994, p. 136) claim that a research design deals with at least four problems: what questions to study, what data are relevant, what data to collect, and how to analyze the results.

As previously mentioned, research questions help to define the appropriate strategy for the study. The research questions outlined above show that the approach of the study is more qualitative than quantitative in nature.

Since the main intention of the research is to compare the models of management at public lower-secondary schools in the educational systems of two countries, Norway and Ukraine, a cross-national research based on comparative, or multiple-case (Yin 2009, p.50) design appears to be the most suitable manner in which conduct this type of research. According to Bryman (2008, p.58), comparative design "embodies the logic of comparison in that it implies that we can understand social phenomena better when they are compared in relation to two or more meaningfully contrasting cases or situations." The research includes two individual contrasting case studies of school organizations, and further looks at the role of SBM in the educational systems of the two countries. Even though the case studies focus on school-level organizations, the analysis includes qualitative data about the educational systems as a whole and some outcomes about individuals (school leaders). This type of research could be accurately defined as an embedded multiple-case study design (Yin, 2009, p.50).

Embedded multiple-case design has its strengths and weaknesses. A comparison of two individual contrasting cases makes a research projects more extensive and substantial; it may also give a deeper understanding of a society-education relationship in two different national and cultural settings. Manzon (2007) states that, "multilevel comparative analysis is a crucial for balanced and holistic understanding of educational phenomena" (p.116). But at the same time, multilevel comparable analysis may create an imbalance and lack the coordination of data collection. For example, comparable data may be limited or even non-exist (Bryman 2008, p.58). Moreover, the research process involved in multiple-case study can be time-intensive and expensive.

3.2.1 Units of Analysis

One of the major steps in designing and conducting case study research is to define the unit of analysis. Yin (1993, p.48) says that the "unit" is the main analytical level for the "case" and if the questions do not coincide with the unit of analyses, then the data-collector may not find the answers.

Given that the case study developed for the purposes of this research is about the organization of management within school institutions, the unit of analysis is low-secondary schools of Kyiv and Oslo. Due to possible significant variations in school management models across different districts in Norway and Ukraine, in addition to time and resource limitations, the comparison of schools in the both capitals,- Kyiv and Oslo is seen as equally-balanced, and as most reflective and manageable comparison. While this research focuses on schools as the main unit, the research also required including some extra sub-units to analyze. For example, educational systems of the countries, their policies, local culture and the individuals within the school organizations were all examined. These sub-units add considerable opportunity for wider analysis of educational models, and therefore, intensify the insights of this research case. The schools by themselves cannot be taken out of context from the particular education system, social and political interaction, and local culture. As Sadler (as cited in Higginson 1979, p.52) mentioned 'what happens outside the school is more important than what happens inside because it shapes and influences what takes place inside'. A sub-unit analysis provides a deeper, more complex and embedded picture of the research problem and contextualized the research within a broader perspective.

3.2.2 Sampling

This research examines the management of two public schools in Kyiv, Ukraine and three public schools in Oslo, Norway. All of these schools are lower-secondary schools. The alternative types of schools such as private, religious and special-needs schools were not included in the research. Because of the limited scope of this research, the findings cannot be generalized for the whole educational systems of Ukraine and Norway. However, taking into consideration that Kyiv and Oslo are the capital cities and financial centers of each of the two

countries, it can be assumed that these findings can illustrate a broader perspective in the education systems of the two countries, as well as what may happen to other schools with some freedom of decision- making, and what may happen to the schools with similar management model.

Since the focus of this study is school-based management and, as a rule, the decision-making responsibility at the school level often belongs to the school professionals, therefore, the headmasters of lower-secondary schools were chosen as the main actors of this investigation. The participants of this research are the individuals who are the most relevant to the research questions of this study. The data gathering includes discussions, informal talk, and interviews with informants. The individuals interviewed during the fieldworks each of the two countries provided their subjective views of the questions posed. The participants within the study included active headmasters, and one retired principal, of the public lower-secondary schools in Oslo and Kyiv. In addition, the Chief of the School Headmasters in the city of Kyiv and the main consultant of the World Bank Project in Ukraine "Education for All" were two independent informants who were interviewed in order to comprehend the Ukrainian educational system, and to increase the reliability of this research.

The research includes two types of sampling: snowball (or chain) sampling and purposive sampling.

Due to the lack of published information about the present situation of the Ukrainian education system, and the complete absence of secondary data on school management in Ukraine, one of the most important parts of this research was the fieldwork conducted in Kyiv, which was carried out in September of 2009. Participants for this research included two school principals, one of which was a representative of a school that became a part of finance management experiment, and another one was a representative of school with centralized finance management. The other two informants, a head of Kyiv School Heads Association and a main consultant of the World Bank Project in Ukraine "Education for All" were interviewed with the purpose to gain more information to understand the existing educational system.

The information gained from the interviews in Kyiv had a "snowball" effect on the sample size (Bryman 2008, p.48). Taking into consideration the time limitations and the cultural prerogatives of the participants in the research conducted in Kyiv, this type of sampling

occurred to be the most suitable sampling strategy for gathering data on the subject. Snowball sampling has its weakness in terms of validity; this issue will be discussed in a subsequent section 'Issues of Reliability and Validity'.

The period between November and December of 2009 was the period for the second phase of the fieldwork conducted in Oslo. The participants of the research were three active headmasters and one retired headmaster of public lower-secondary schools in Oslo. The school locations of those interviewed included different districts throughout Oslo. Despite the fact that Norwegian schools embrace the idea of a unified school (*enhetskole*), a big variation among Oslo schools lies in where they are geographically located. Additionally, the leader and parent representative of the School Board was interviewed in April of 2012 in order to provide an overview on the role of community participation in school finance decision-making.

In order to make a contact with the school leaders of Oslo, e-mails were distributed to all of the low-secondary schools within the city. Four school leaders agreed to provide an interview on this topic. Each of the schools is located in areas with different socio-economic characteristics. The indicator for socio-economic status is assumed to be the level of income of the area's residents.

Of relevance of the research, one of the interviewees was a retired school headmaster with 25 years of work experience in school leadership at two low-secondary schools in Oslo. Therefore, the input of this participant is very significant in terms of contrasting and highlighting the role of the school leader before- and after educational reforms in Norway.

The main actors for this investigation were information-rich people who had been purposefully selected. Such type of gathering data is called purposeful sampling.

3.3 Methods of Data Gathering

The data gathering for this research includes interviews and analysis of secondary data related to the subject of study. Patton (1990, p.248) points out that a combination of different data sources lets the field-worker validate and cross-check findings. Since each source of data has

its strengths and weaknesses, using different methods of information gathering helped to cross-check and support the data presented in this research.

3.3.1 Interviews

Stephens (2009) mentioned that "at the heart of qualitative research lies the interview" (p.93). The main method that used to gather data during the case study fieldwork was interviewing the informants. To ask people is the best way to find answers (Kvale 1996, p.1). To find the answers to the research questions, semi-structured interviews were utilized. The semi-structured interviews provided the flexibility to gather data and to establish individual contacts with the participants. The interviews conducted with the principals and professionals in Kyiv and Oslo followed a similar pattern, of course. Face-to-face interviews with the informants permitted a deeper understanding of day-to-day problems and worries of the principals, and their own perception of school effectiveness.

A great advantage of semi-structured interviews is that the researcher will cover a core of mutual questions in each of the different interviews, and at the same time extra questions can be added related to the topic in order to "dig deeper" into the responses provided by interviewees. The aim of the interviews was to find out the role of the principals on taking the decisions concerning school budget.

The interviews with the Ukrainian and Norwegian educators lasted approximately an hour and a half. All of the interviews were recorded by a digital recorder; and the notes of the main points were taken simultaneously in order to make a duplicate in case of missing information from the recorder. At the beginning of each interview informants were asked for permission to record the given information. The interviews were then transcribed for further detailed analysis of data. On the one hand, transcribing interviews is a time-consuming process, since it demands word-by-word typing of the texts of all the interviews. But on the other hand, it eases the analyzing process of the data collected.

3.3.2 Literature Review

Existing literature related to the topic was the first stage of the research. It helped to develop the research purpose and research questions. Related literature can give a number of broad ideas, support or contradict premature hypotheses of a researcher, and can thus cause the building up a foundation for further investigation. Before going to the field-work, an analysis of the current literature on decentralized policies in education in Norway and Ukraine, some papers on SBM and variety of its forms were conducted. The concepts extracted from the literature helped to formulate the research questions and interview content.

During the field-work, various documents including policy papers, laws, reports, and published articles were gathered related to the research questions. Policy and official papers paint a broad picture of the educational systems and the situation of school management. But as Atkinson and Coffey (1997, p. 60-61) point out, it is important for a researcher to realize that documentary reality does not describe the social world and cannot be used as evidence of it. It means that a researcher should be aware of the fact that documentary alone cannot show how the organization operates on daily basis and should be treated only as a framework for analyzing the data as a whole.

After the interviews were conducted in each countries and the finding were processed, the secondary data was further processed in order to get familiar with the experience on SBM in other countries, especially those which have a similar historic and economic background as Ukraine. This information helped to assess how SBM could be applicable to the Ukrainian situation in the educational sector means to be more efficient in school management, and if it could, what form of SBM that might be. Analysis of secondary data means that a researcher is primarily relying on the work of others instead of getting the information first hand. However, assuring that the information that comes from variety of sources helps to provide a broader perspective of the entire school-based management field of research.

3.4 Analysis Procedure

Stephens (2009) defines analysis as “a search for meaning in relation to the research purpose or question” (p.98). He points out that the meaning has to be found “within the triangular relationship between theory, the data gathered, and context or setting”. This definition implies that the analysis of data is the part of a research process in which all of the findings should be

revised, selected according to relevance of the research purpose, connected with each other, and finally the research questions are answered.

Stephens (2009) points out that “there is no single right and appropriate way to analyze qualitative data” (p.100). He suggests that the researcher needs to use both imagination and interpretation which guides to “making sense” (Stephens 2009, p.100) by selecting, applying categories and classes to the received data.

Following Silverman’s (2000) advice “analyze your data as you gather them” (p.121), the analyses for this research were started simultaneously to conducting interviews. The advantage of semi-structured interviews is the relative flexibility which gives a researcher an opportunity to ask related additional questions based on the given answers.

Before the investigation was initiated the main research aspects of school management in the two countries were defined in terms of ,budget, curriculum, teacher and student recruitment, school maintenance, examination and supervision. The interview results showed that the central concern of the interviewees in both countries appeared to be the same-: school budget, finance management, the way they deal with these matters and the challenges they meet. As a result, the issue of autonomy in school finance management became a prime topic of the research. It narrowed down the research and further directed the study to the deeper exploration of the topic.

Next, interview results were connected with the secondary data to see whether they support the research assumptions, and if they could provide the adequate answers to the research questions.

3.5 Issues of Reliability and Validity

Issues regarding the validity and reliability of research are among the most significant for the researcher, “because in them the objectivity of (social scientific) research is a stake” (Perakyla 1997, p. 201).

Kirk and Miller (1986, p. 21, 42) point out that in qualitative research the main emphasis has laid on validity rather than on reliability, when in quantitative research has been on the opposite. Reliability in quantitative research show whether the findings are likely to be applied at other times. In turn, the qualitative assumption is rather different: the social world is constantly being constructed and changed. And therefore, it is almost impossible to replicate qualitative studies (Bryman 2008; Marshall & Rossman, 1999).

There is some possibility that a similar study in the same setting but with other participants may provide results different to mine. Therefore, validity and reliability need to be discussed to the particular circumstances of the given research.

Perakyla (1997) claims that, "the quality of tapes and transcripts has important implications for the reliability of conversation in analytic research" (p. 203). In this study a digital voice-recorder was used which provided a reliable transcript of the very detailed conversations with the participants, and provided the additional advantage of being able to study it again and again. The accuracy of the interviews transcripts were retrieved and approved by the interviewees.

As previously mentioned in the section on Sampling, while conducting the field-work in Kyiv I used a 'snowball' sampling strategy was utilized to gather the data. Snowball sampling has its weaknesses in terms of validity since the interviewers and their referrals could possibly share the same traits and ideas. However, by avoiding personal biases and with care in the selection of the interview candidates, the researcher can obtain relatively reliable data through this strategy, especially if it were otherwise too difficult for the researcher to reach the target group. In order to increase the reliability of the 'snowball' data obtained, independent informants, in this case, the Chief of the Headmasters in Kyiv and the main consultant of the World Bank Project "Education For All" were asked to assess the credibility of the data findings.

Since no current research on SBM has been published on the Ukrainian education system, there are some difficulties to ensure validity through cross-referencing the data with other studies within the same field.

The findings from the several schools researched in this study in Oslo and Kyiv cannot be generalized to the whole education systems of either of the two countries. Any conclusions

from these findings are not automatically transferable to other schools/ or contexts. Nonetheless, the findings can illustrate what may happen to schools that have some freedom of decision-making, in contrast to what may happen to the schools which are subject to tight central control.

It is acknowledged that most measures may not be as accurate as desired, but in designing these case studies multiple sources of evidence where utilized to the highest degree possible to increase the construct validity of the study.

3.6 Biases and Limitations

A researcher should be conscious of bias when carrying out a study. This can be based on implicit values or prejudices, or it can arise from the ways in which the data is formally presented. The bias may be both personal and 'official' (Crossley & Watson 2003, p. 36). The researcher involved in cross-national or cross-cultural research has to be aware of any 'baggage' formed by their own upbringing, environment, experience and culture.

Another type of bias may be regarding official data. Official publications, government statistics can often present a system in the favorable light. As Dunstan (1978) points out about Soviet Union's data "facts, figures, information is developed or discarded, changed or falsified, if is felt that this is beneficial to the course of the Party" (p. 36). Certainly the Soviet Union does not exist anymore, but the researcher who carries out the study in post-Soviet countries should be conscious that the systems in transition may not have changed all that dramatically.

Education data may also be difficult to collect because of a lack of financial resources, experts or effective communication (Crossley & Watson 2003, p. 37). In such cases, data may be 'made up' to fill the blank spaces in official reports or simply stored in databases without further aggregation into larger education system statistics.

4 Chapter 4: The Historical and Cultural Context of the Educational Development in Norway and Ukraine

Contextualization and historical events are important to understand the determined directions of the educational development in various countries. It provides an insight about the present situation of education systems. Cultural traditions and historical occurrences of decentralization policies might help explain the ability to decentralize presently, and likewise, historical lack of decentralization might help explain the reasons for such hindrances in any present implementation of decentralization. A tradition of local community participation and a historical precedent of local self-government in some countries tend to facilitate attempts to decentralize education systems. Likewise, countries with a long history of centralization might resist against or meet considerable challenges in implementing decentralized policies. In this chapter, a brief overview of the evolution of the Norwegian and Ukrainian education systems that have and the policies guarded the administrative organization and operation of schooling in each country is provided.

4.1 The Norwegian History of Education

For 434 and up until 1814, Norway was a province of Denmark (Kuhnle 1975, p. 10-14). The early days of independent Norway were marked by the introduction of local-self government as an important step toward democratic rule in the country (Rust 1989, p.267). In the nineteenth century, local governance was strongly guarded (Rust 1989, p.267) and the control of schools largely rested on parishes (Wiley 1955, p. 23). Even though financial requirements were often determined by the central government; they were involved a limited number of educational functions (Rust 1989, p.267). At that time, Norway neither possessed a national system of education nor an educational policy, and; as a rule, the families took the major responsibility for providing the necessary schooling for their children (Rust 1989, p. 29).

Early in the twentieth century, Norway became a modern industrial nation with an urban labor work-force (Rust 1989, p.280). The Labor Party gained control of the Parliament in the 1930s, and during this time the number of school laws was passed (Rust 1989, p.280). The local community which had operated with a high degree of autonomy witnessed a movement toward centralization, at least in educational matters: 1) the establishing of a national folk school council (*folkeskoleråd*) to inspect the conduct of schools; 2) setting policy within the framework of the law; 3) the standard leaving examinations, and 4) educational finances (Rust 1989, p.184- 185).

The state, region, and local community had previously shared responsibility for funding. The new law altered the way of distributing financial responsibilities in favor of a formula in which the state covered 50-80% of teacher salaries, in addition to, taking responsibilities previously carried by the county, including building schools, the teacher's farm, and the teacher's home (Rust 1989, p.184-185).

The Labor Party continued to dominate Norwegian politics from the mid-1930s until the 1970s (Rust 1989, p. 267) found a strong support among groups of industrial workers, smallholders and fishermen in the rural periphery (Lauglo 1995, p. 309). The Party's political view was connected with Marxist ideology in which equality in educational opportunities for members of all social groups came into focus of its policies of 1959 (Rust 1989, p. 207, 213, 235).

The folk school law of 1959 intended to redress inequalities between countryside and urban schools through extending the length of the school week and year for countryside children that previously were receiving fewer hours of instructions than children in towns (Rust 1989, p.213). The new law also set standards for the rural schools' size and guidelines for how the countryside schools could be established and combined (Rust 1989, p.213). Another major shift as a result of the law included state financial provision for expanding countryside schools; the state would provide enough funds to make the rural schools financially competitive with schools in towns (Rust 1989, p. 214).

The 1959 law also made alterations in the administrative structure of schooling. Each community would have two bodies: the general school board *(skolestyret*) that would inspect all schools run by the community, and the community school council which consisted of the

inspector, all principals and teachers that would take responsibilities for professional issues such as the school plan, instructions, and school books (Rust 1989, p.214).

The movement toward centralized rule was becoming more apparent during this time. Individual schools that had previously enjoyed the autonomy became "an integral part of a broader system" (Rust 1989, p.214). Greater funding from the state intended to level disparities between urban and countryside schools which also brought with it more instructions and constraints (Rust 1989, p. 214).

In 1969, the Norwegian government remained dominated by the Labor Party which was the major force in creating another law on basic education. The basic school law of 1969 mandated the adoption of a compulsory nine-year basic school education throughout Norway (Rust 1989, p.281). In term of funding, during that time some of the costs connected with the basic schools were covered by the local municipality, while the central government was covered approximately 50% of all cover expenses, including operating costs (Rust 1989, p. 221, 275).

In 1974, a so-called Model Plan (*Mønsterplan*), a basic curriculum for nine-year compulsory education was passed (Rust & Blakemore 1990, p. 508). This curriculum was an important step in Norwegian education policy-making because it altered the centralized principle established by the Labor government that mandated the national curriculum of 1939 (Rust & Blakemore 1990, p. 508). Even though the new plan still provided a guiding framework, its content was not specified in detail in order to give the school board, local schools, and individual teachers the opportunity to individualize both the methods of instruction and the content (Rust 1989, p. 224-225). The Model Plan also stressed the role of young people being a part of community where students were seen not as passive learners but active participants in the educational process and social life of community (Rust 1989, p. 225).

The reasons for decreasing the central control over education can be explained by the fact that the agenda of egalitarian structural changes in the schools centrally set by the Labor Party was completed (Lauglo 1995 p.319). Moreover, the Party started to lose electoral support and found it extremely necessary to compete for votes from the political middle ground (Lauglo 1995 p.319).

Put simply, the political condition of the country can shape the educational system and its policies. However, the socio-cultural aspect is not less important.

The article "Populism and Education in Norway" by Lauglo (1995) presents an interesting concept of populist influence on Norwegian education. What is populism and how is it expressed in Norwegian context?

First of all, populism is a political and cultural movement which politics stresses the right of ordinary people to exercise influence over public institutions, including schools (Lauglo 1995, p.307). In the Norwegian context, such power exerts through small units of local government that are close to the community (historically, they coincided with parishes) (Lauglo 1995, p.307). Nineteenth-century Norwegian populism attempted to reduce the power and cultural authority of the upper class and civil service promoting "national awakening" based on folk culture and local self-government (Lauglo 1995, p.307). Although educational policies in the twentieth century have been mainly shaped by the political influence of the Labor Party, the Party tented to advocate for the common school and support the interests of the rural people (Lauglo 1995, p. 310). From the author's point of view, in spite of considerable changes happening in modern national politics and policies of the country, clear traces of populism influence on the operational system of Norwegian education still remain. It is expressed in the preference for small schools and much skepticism toward large-scale, impersonal institutions. Populism in the Norwegian case, may lead to clearly local control of education- the operation of small and locally orientated schools still runs by elected units of local government (Lauglo 1995, p.320-323 Populism) presented by a School Board *(driftsstyret)* that includes local government officials and representatives of parents and the school staff (www.fug.no/driftsstyre).

4.2 The Ukrainian History of Education

In the late eighteenth century, Ukraine was formally constituted as a part of Russian Empire (Struk 1993, p. 448). The political and military institutions of Ukraine were almost wholly dismantled; and Ukraine was regarded as a region and administrated as one whole and integral part of the Empire (Struk 1993, p. 448). After the Revolution of 1917, when the Tsarist government was ceased, Ukraine broke ties with Russia and declared itself an

independent state (Struk 1993, p. 454). The independence of Ukraine lasted just about two years, and by 1920 most of Ukraine was taken under Soviet rule. In December 1922, Soviet Ukraine entered into a federation with Soviet Russia and other Soviet republics as a part of the Union of Soviet Socialist Republics (USSR) (Struk 1993, p. 454). Since the further historical development of Ukraine was entwined with the politics of the Soviet Union, and in institutional and constitutional terms, the Soviet government operated on the same principles in all republics (Lieven 1995, p. 611) including Ukraine, and therefore, the overview of Ukrainian educational policies would mainly refer to Bolshevik/ Soviet Russia's policies in education.

The political movement of the Bolsheviks was profoundly influenced by Marxist ideology, which was later adopted in the policies of the Soviet Union (Lauglo 1988, p. 281). Even though Marxist theory dealt with political and economic issues of the country, the ultimate beliefs and values of the ideology were applied in educational policies of the Soviet society (Lauglo 1988, p. 282).

Prior to drastic political changes caused by the October Revolution in 1917, an early declared Bolshevik policy document on administrative organization of schooling (dated 6 May 1917) presented a policy of extreme decentralization:

"The transfer of the business of education into the hands of democratic organs of local self-government; the removal of the central government from every kind of interference in the determination of school programs and in the section of teaching personnel; the choice of teachers directly by the people themselves and the right of the people to dismiss objectionable teachers." (Lenin, 1935, p.305; quoted in Counts, 1957, p.83, as cited in Lauglo 1988, p. 284)

After the October Revolution, the individual republics within the Soviet Union recieved the right to establish their own national education system and to use their mother tongues as the language of instruction. This affirmed a faith in the popular masses themselves and in decentralizing control of education. Moreover, this element of education policy rallied a political support for the Communist actions from non- Russian nationalities (Rubinstein, 1958, p.8, as cited in Lauglo 1988, p.284)

Later, the Educational Act of 16 October 1918 officially declared "the full autonomy of the school" inviting all members and groups within the educational environment to participate

actively in the management of the school. The school was supposed to be run by 'a school collective' consisting of all teachers, pupils and custodial staff. The 'school collective' was to elect a presidium and executive committees. The Local Department of Education made decisions on curriculum and teaching methods matters. The state retained only very general control over schools, giving full opportunity to local management. The ideological purpose of schooling was a replacement of the family, which could be perceived as a hindrance for a child's free development into cooperative personalities (Hans & Hessen, 1930, p.20, as cited in Lauglo 1988, p. 284-285). In the early years of Soviet rule, there were mainly intentions behind education policies than further their widespread implementations (Lauglo 1988, p.285).

In the early 1920s, education policies put a great emphasis on the development of freely cooperating individuals and a collective responsibility for work, where children worked on projects in "brigades" and carried responsibility for the work done (Lauglo 1988, p.285).

The school communes for homeless children and youth, orphans and juvenile delinquents were founded in 1918. They became most prominent in the 1920s, and some schools were still operating into the 1930s. The school communes provided incomplete secondary education and basic training in manufacturing processes. Practical experience in workshops and agriculture were seen as fundamental to the life of the children's collectives at the school communities. Among the best-known schools communes was the Dzerzhinsky Children's Colony founded by A.Makarenko (Struk 1993, p. 274).

Lauglo (1988, p. 286) argues that early Soviet education can be viewed as a direct application of Marxist values and beliefs which encouraged equality the opportunity for free education for all, and the support of human development and voluntary cooperation freed from economic exploitation.

Besides this, the Marxists concept of 'polytechnical' education was widely adopted and implemented by Soviet educators (Fitzpatrick 1979, p.5). The polytechnical schools were those which taught a variety of practical skills and became the antithesis of the 'academic' schools exemplified by Tsarist gymnasiums (Fitzpatrick 1979, p.5). Polythechnical education reflected the ideas of integration between education and productive work where learning (esp. natural science) and participating in production were entwined (Lauglo 1988, p.288).

Participating in production was seen not only as a contribution to society but also as a means of creating fully developed human beings (Lauglo 1988, p.288).

In 1917, Lenin passed on Party program called for "free and compulsory, general and polytechnical education for girls and boys below the age of sixteen" (Rapacz 1960, p.30, as cited in Lauglo 1988, p.288). In 1919, the Communist Party officially acknowledged the concept of polychnical education and declared that the schools would provide such education for all children up to the age of seventeen (Lauglo 1988, p. 288).

The Education Act of 18 December 1923 presented some new educational adjustments which carried some bureaucratic features of schooling: a new division of grades (marks) were adopted; the state monopoly was testified; an administrative authority of head teachers increased, now they were made formally responsible for the school "educational, financial and administrative activity" (Hans & Hessen 1930, p. 31-32, as cited in Lauglo 1988, p.290). The local Party organizations got more influence, and while political ideology mattered more, there was still some room for experimentation with teaching methods and curricula (Lauglo 1988, p.290).

With the rise of Stalin to power in the early 1930s, centralization of the whole political system and of the Party organization became a means for holding tight control under conditions of extreme internal pressure. Centralization of administrative control was tightened; the Party increased its control over teaching methods, curriculum, and teaching staff. The authority of head teachers within the school was strengthened. A rigorous system of marking and examinations was set up again; and a system of honoring for outstanding scholastic achievements was established (Lauglo 1988, p. 291- 292).

The main features of Soviet education were in place by the late 1930s, and while there have been various educational reforms, the major changes emerged since glastnost time (Cummings 2003, p.29).

Before giving an overview of the reforms in education under Gorbachev, let`s summarize what kind of educational practice was established in the Soviet Union by 1985.

Authoritarian collectivism was strengthened, especially in the context of schooling. The encyclopedic approach meant standardized course content and programs of subjects (exception was only teaching in and through non-Russian languages). The teachers`

responsibility was simply to transmit standardized information and concepts to the students. The decision-making structure was formally pluralistist but informally authoritarian. There were Ministers of Education at both Soviet (federal) level and in each of the 15 republics with regional (or city) and district councils. The Communist Party influenced schools at the local level. In fact, the will of the central Soviet authorities prevailed and was imposed at local and school levels (McLean & Voskresenskaya 1992, p. 83).

Gorbachev`s ideas of democracy and humanization challenged the standardization and authoritarianism of teaching and learning in schools and in administration of education. In 1988 the newly created State Committee on Public Education and the Communist Party plenum began the process of developing a radical reform in education. The draft legislation was passed in 1990. The new aims emphasized individuality while trying to keep ideas of the traditional economic collectivism (McLean & Voskresenskaya 1992, p. 84). The chairman`s of the new State Committee for Public Education, G.Yagodin`s (1989, p.12, as cited in McLean & Voskresenskaya 1992, p. 84) statement was: "Undoubtedly, it is the development of the individual which is central and main purpose of the entire educational activity of a teacher and a pedagogical collective". During this time, more opportunity was granted to teachers, parents, and children in both content and teaching. The standard curriculum was relaxed so that only five subjects (Russian language, Russian literature, mathematics, science, and social studies) were mandated by the Soviet authorities and occupied between 40 and 70 percent of curriculum time. The rest of the subjects and program content were up to republics, to local authorities, or to individual schools (McLean & Voskresenskaya 1992, p. 85).

Federal control was reduced and the republics gained more influence over education. City and district councils exercised more freedom in decision-making while some school autonomy-guarded by school councils that included elected representatives of parents, teachers, and the local community developed (McLean & Voskresenskaya 1992, p. 85-86).

The control of schools and their ideological, collectivist functions have changed dramatically but the rationale of democratization has been quite unfocused. The increased autonomy of teachers, parents and students turned into the increased conflict between them. Parents complained about teaching standards, and teacher demoralization-related to the pressure from poor pay and poor resources. The lack of republic resources made education reconstruction difficult to fulfill. While there was freedom achieved in compared with the educational conditions of the past, but a shortage of resources and a general uncertainty about the capacity

of schools to sustain a new direction made changes less successful (McLean & Voskresenskaya 1992, p. 86).

To summarize, the overview of the historical development of education in both countries required some concluding remarks. The evolution of education in both Norway and in the Soviet Union point does not stay apart of the political and economic imperatives of the state. The ideological values and beliefs of the leading political party together with the demands for sufficient resources and efficiency shape the content and organization of schooling. The profound influence of Marxist ideology on education in both countries was mainly expressed in the idea of the provision of equal opportunity for members of all social classes, and that was fulfilled through creating unified schooling and standardization and centralization of education. The dominance of the Labor Party in the Norwegian political arena from the mid-1930s until the 1970s (Rust 1989, p. 267) led to more centralized policies in education in terms of teaching content and financial provisions for schools. Following, the decreased political power of the Labor Party in the mid-1970s, the central control over education was relaxed and active community participation was encouraged. Besides this, a quite strong populist tradition in Norway expressed by the will of people to participate in local life of the community may have facilitated the successful implementation of decentralized agendas in education.

In the Soviet setting, centralization policies gained more drastic and radical forms. With Stalin's rise to power the early 1930s, centralization of the Party organization and of the political system in the whole (Lauglo 1988, p. 292) led to extreme rigid central control of education over half a century. Gorbachev's educational reforms of 1988 challenged the authoritarianism and standardization of Soviet education inviting the democratic participatory of community members. In this case, the question beckons, how much time should it take for an education system with strongly established authoritative type of management to adopt democratic principles of governance?

4.3 Recent Educational Reforms in Norway

The next section presents the reforms and changes that have happened in Norwegian education during the last few decades.

Traditionally, educational reforms in Norway have been realized through the hierarchical party structure, where the impetus for changes have been initiated within the parties and ended with decisions based on consensus between the parties' top leaders and the government. Implementations of these changes are usually carried from the top level to the bottom (Smehaugen 2007, p.59).

As section 4.1 described, one can follow that the implementation of new educational reforms in Norway, as a rule, goes together with major national policy shifts in the national curriculum. The Model Plan (*Mønterpanen*) introduced in 1974 altered the centralized principle of the national curriculum of 1939 (Rust & Blakemore 1990, p. 508), it was less specified than the previous one in terms of content, progress and level of achievement (Smehaugen 2007, p.59). In 1987, the Model Plan was replaced by the national guidelines or M87 (Mønsterplan for grunnskolen 1987). The M 87 included more radical changes connected with decentralization, destandardization, and despecialization (Solstad 1997, p.23) of the Norwegian educational system. Solstad (1997, p.23) refers to the fact that various levels (settlements, municipalities, and regions) got more authority on educational provision in relation to the centre and to each other. The author views destandardization as an opportunity for local authorities, schools, and individual teachers, to some extent, to modify the curriculum; and despecialization means integration an educational institution into the community or region which it serves (p.23). Hagen (1997) writes: "A series of decentralization initiatives were undertaken in the Norwegian state administration in the mid-1980s. Local governments were allocated block grants from the national government. This was meant to give more scope for local planning and control. An adapted form of management by objective was introduced as the main management strategy in most sectors of the state administration, including education. New information systems to monitor school performance were included, and schools were to submit development plans covering local curriculum and school management strategies" (p. 37).

An adaptation to local conditions and participation of the local community were clearly stressed in M 87: "Local participation in decisions implies that all sectors of the school community share responsibility for deciding what kind of school they are going to have and for taking the initiative and co-operating in the efforts to improve the school" (MCE/MCS 1987, as cited in Smehaugen 2007, p.60).

The 1990s presented the next wave of educational reforms in Norway and the introduction of the new curriculum for secondary education (Læreplanverket for den 10-årige grunnskolen or L97, as cited in Koritzinsky 2001, p.112). The educational reforms were meant to alter governing, administrative, structural and content aspects of Norwegian education, and three main strategies to obtain these aims are as follows:

- the governance of education. The governing, administration, and assessment of the educational system is subjected to the Ministry of Education, organized hierarchically, and oriented towards "management by objectives" and measurements of results;

- the structure of education. The structure of educational institutions and organizations is tightened through institutional unification and co-ordination;

- the contents of new curricula, especially for compulsory school (10 years), higher secondary education (3 years), and teacher training (4 years) are standardized and harmonized on a national level (Koritzinsky 2001, p.112-113).

4.3.1 Management by Objectives

Management by objectives is a strategy of organizational management. That is meant to promote effectiveness and efficiency, and to make operations more goal-oriented and the use of resources more optimazed. It might be seen as an alternative to management by rules and regulations, offering more freedom of decision-making on choice of means and resource allocation to 'lower levels'. Management by objectives requires a strong specification of what goals have to be reached by what time, and more solidarity and shared planning within the work group (Lauglo 1995, p. 341).

The introduction of management by objectives (*målstyring*) in the Norwegian educational system happened in the beginning of the 1990s (Koritzinsky 2001, p.120). According to Koritzinsky (2001, p.120-121), management by objectives in the context of the Norwegian educational reforms has two main aspects that are closely related to each other: the political and administrative aspect, and the content aspect of the curriculum.

The political and administrative aspect brings into focus the necessity of Ministry of Education (MOE) to have more centralized political and administrative control over educational system. During the 90s, MOE abolished the three most important semi-independent professional councils for primary and secondary schools (*Grunnskolerådet*), higher secondary school (*Rådet for videregående opplæring*) and teacher training (*Læreutdanningsrådet*). These councils were engaged in developing curriculum, pedagogical innovation, assessment etc. Formally they belonged to the Ministry but in reality acted as semi-independent agencies. MOE viewed these councils more and more as political and administrative competitors (Koritzinsky 2001, p.120). In turn, Lauglo (1995, p.321) argues that introducing "management by objectives" was the attempt of officials to restrain public service growth, and to make public services more cost effective and efficient. Public service efficiency in this case, is meant to be reached through increasing external accountability of the professionals.

The other aspect of "management by objectives" is the content of curriculum. The national curriculum 97 includes the very comprehensive, ambitious and detailed objects for each grade and subjects (Koritzinsky 2001, p.121) This management reform was meant to allow more professional freedom and academic variation in the field, but in its turn, reaching curriculum objectives became a legal obligation for local educational authorities and institutions (Koritzinsky 2001, p.121). A legal directive from the Norwegian MOE states that "municipalities and school administrators, and staff are individually and collectively responsible for seeing that education is in accordance with the curriculum" (The Royal Ministry of Education, Research and Church Affairs 1999, 7 , as cited in Koritzinsky 2001, p.121).

It follows that management by objectives sets much focus on micro-level planning of a school group giving wider flexibility and control over the content of schooling and teaching methods, and at the same time, increases professional responsibility for educational services and external control of the stake-holders and educational officers.

The change in organization management has raised some criticism among the members of the Conservative Party. Skepticism of "management by objectives" expressed in suspect that local control of education- whether in hands of local government officials or teachers- has gone too far and that the system requires more control over quality and efficient use of finances (Lauglo 1995, p.321). Additionally, Koritzinsky (2001, p.123) points out that in the

reform years, MOE obtained a strong centralization of power through abolishing the two important semi-independent national councils for primary and secondary education that played an important role in making discussion papers, and curriculum documents before the Ministry of Parliament made the final decisions. The time-pressure on academic and civil actors in the last stages of curriculum decision-making provided little room for dialogue, discussions and deliberation among academicians and other civil interest groups. According to Koritzinsky (2001, p. 123-124), these structural changes gave MOE a central monopoly of administrative and technical authority.

The educational reforms from 1998 to2000 was known as the "reform of reforms" that can be seen as a general revision of the national standardization that was dominant in the years 1990-97 (Koritzinsky 2001, p. 126). Koritzinsky (2001, p.127) summed up the three crucial revisions into the following:

1. General modification of the management by objectives aspects of the curriculum, and an emphasis on the value aspects of teaching and learning, underlining social pedagogical, ethical challenges and learning process.

2. Alteration in the legal directives connected to the curriculum, leading to much more professional freedom for school leaders, and teachers in the choice of topics and methods according to cultural, local and individual learning conditions.

3. Opening up for experimental schemes in pupils' assessment and school evaluation, focusing rather on learning processes and qualitative factors than on quantitative results .

The educational reforms of 1998-2000 consisted of a series of political and administrative decisions giving greater autonomy to local educational authorities. This delegated power allowed more professional freedom and academic variation in the field (Koritzinsky 2001, p. 126). Additionally, along with the changes in organizational management of schooling, there came the major shifts in the allocation of school budgets.

4.3.2 Changes in Budget Work

Since the mid-1980s, the Norwegian government in the name of decentralization has deregulated the budgeting and educational standards for elementary education (Koritzinsky 2001, p.129). Central state subsidies for major public services including health, education, social and cultural services, and more were transferred as a single block grant for local self-determination to be divided and allocated at the municipal and county level (Rust & Blakemore 1990, p. 507). Block grands allow locally elected councils and administrative officers to decide annually how to distribute educational funds at the local level (Rust & Blakemore 1990, p. 507). And, at the school level, the changes in educational funding involved the delegation of responsibility in the use of the school funds that includes maintenance, operating costs, and the substitute budget headings (Hagen 2010, p.150). Until 1986, school budget allocations had been earmarked and strictly divided into budget headings with rigid regulations (Hagen 2010, p.150). The new system of finance management provided more budgetary freedom to allocate money between budget headings, and to carry forth some surplus and any deficit to the following year's budget (Hagen 2010, p.150).

This movement in the delegation of the finance responsibility to the local level, is perceived as a radical change in Norway, especially by teachers and school administrators, who had never seen themselves as entrepreneurs (Rust & Blakemore 1990, p. 507). Consequentially, both the Secondary Teachers Association and the Basic School Teachers Association strongly resisted the finance reform during the discussion stage: their criticism focused on issues of equity, between localities and between education and other social services, and their concerns were that the finance reform would spell the end of Norwegian education as a nationally oriented service (Rust & Blakemore 1990, p. 507-508).

Delegation of finance responsibility as a part of school-based management is intended to provide more freedom at the school level, in terms of flexibility to manage the school budget and to utilize funding more efficiently, but it also increased managerial and ideological control, positioning the Director of Education and the local politicians. The school leaders were given the opportunity to control their school budgets and generate additional income but at the same time, budget related tasks require the necessary economic skills and additional time for balancing the budget. In other words, the increased freedom also greatly expanded the workload required of school leaders including the range of tasks required, and heightened fiscal responsibility.

4.4 Ukraine

As previously mentioned, education policy cannot stand along from the political and economic context of a country. The following represents a general overview of the political, and socio-economical challenges of present day Ukraine.

After the Soviet Union collapsed in 1991, the socio-political and economic landscape of Eastern European countries has been dramatically changed (Fimyar 2008, p.2). On August 24, 1991 Ukraine had declared its independence and obtained freedom over political and economic decision-making.

In several studies of the countries that represented the former Soviet Union, Ukraine is seen as a borderline nation who was under foreign domination by centuries (by the Austro-Hungarian, Russian and Soviet empires, the Polish Commonwealth) (Fimyar 2008, p.3). Of important is that the historical dominance of different powers which varied greatly both culturally and politically, and the geographical position of "borderland" has led Ukraine to "mosaic of influences" (Wanner 1998, p.18) and a "highly fragmented polity and society" (Fimyar 2009, p.571; 2009, p.3).

Since early the 1990s, post-independent Ukraine, like other post-Soviet transitional societies has been challenged to establish a new type of state and civil society. The implementation of political and constitutional reforms toward democratic transformation, and economic tendencies toward "marketization" and privatization has led to the development of a new course of Ukrainian society.

The adaption of Western/ European norms of democracy, together with Soviet regime legacies, has created a somewhat contradictive mixture of post-independent Ukrainian political developments (Fimyar 2009, p.3). Persistent Soviet legacies in political and institutional arrangements, including the numerous instances of state monopolies, and the political elite's disagreement over reform agendas and the legitimacy and attitudes of post-Soviet civil society, are often viewed as hindrances to pro-market reforms and the democratization process in Ukraine (Fimyar 2009, p.3).

4.4.1 The Education Reform in Post-Soviet Ukraine

Since Ukraine gained its independence, the ideological shifts and economic tendencies towards decentralization has impacted the development of reforms in Ukrainian educational sector. Fimyar (2008, p. 576-577) presents an overview of educational reforms in post-independent Ukraine (table 3).

Table 4.4.1. Genealogy of educational reforms in post-communist Ukraine.

1991–1993 reforms – 'creating new subjects and actors':	*Stages of reform in CIS (adapted from Crighton 2002)*
• Creating new structural units of national 'expertise' (e.g. National Academy of Pedagogical Sciences); • Providing legislative framework for establishing private educational institutions.	• Is characterized by 'the initial euphoria about new-found freedoms'; • Policies are aimed at re-establishing educational traditions and structures that existed before the imposition of external communist domination; • Partial devolution of financial responsibilities to local government resulting in immense cuts of funding for the educational sector.
1993–1995 reforms – 'putting new accents in history, ideology and language use': • Restructuring the curriculum of the humanities, de-politicising the system of education and ridding it of 'Soviet' ideology; • Introducing the official post-independent history narrative into the curriculum; • Changing from mainly Russian to Ukrainian as the primary language of instruction.	*The second stage:* • Is targeted at gaining national leadership of education reform and achieving coherence among multiple initiatives; • The involving of external advice tends to be the greatest during this stage; • The dominant focus is on top-down implementation rather than on practical changes at the classroom and school levels.

1999–2001 reforms – 'devising technologies of government and restructuring education': • Ratifying socio-political programmes which stipulate and legitimise technologies the government (e.g. Cabinet of Ministers of Ukraine 1993, 2004; Presedent of Ukraine 2002). • The Parliament adopted The Law on General Secondary Education (LGSE) in 1999. Together with The Law on Education (LE) and The National Doctrine of Education (NDE), it envisages significant changes in the structure, duration, curriculum and assessment policies in general secondary education; • In 2001, The Programme for General Secondary Education (PGSE) initiated a 12-Year Reform Plan (MESU and Academy of Pedagogical Science of Ukraine 2001); *2001- present reform: 'creating audit cultures and fighting corruption':* • From 2001 external testing of school graduates (standardized examinations) was piloted regionally by the International Renaissance Foundation (Soros Foundation Ukraine). In 2007, the reform was the reform was implemented nationally under the control of the Ministry (Hrenevich 2002, MESU 2002, 2004a, 2004b, 2004c, Lokshina 2003).	*The third stage:* • At the governmental level, discourses about quality of education are at the centre of the reform; • At the level of schools, there is a 'reform fatigue' resulting from a chronic lack of resources.

As described above, educational policy making in post-Soviet Ukraine, resulted in three major policy initiatives that might be seen as a new direction for Ukrainian education in terms of ideology and finance allocation:

- 'putting new accents in history, ideology and language use';
- establishing private educational institutions;
- and the transferral of budget from national to local levels.

The reforms implemented in 1993-1995 "putting new accent in history, ideology and language use" represent the crucial shift of post-Soviet discourse toward a new Ukrainian ideology of nation building. Introducing "a new Ukrainian history" through textbooks and changing the language of instruction in schools mostly from Russian to Ukrainian are viewed as primary tool to establish a new national identity. Since "national and linguistic revival was seen as tied to a search for national identity and new nation idea" (Kuzio 1998, p.19), the reforms of changing the language of instruction in schools could be interpreted as a natural course of the mother tongue's rebirth into school settings. On the other hand, the language policy has provoked a wave of criticism from the Russian-speaking population (Russophone community) that according to the All-Ukrainian census data (2001), includes 29,6 % of the whole Ukrainian population (www.ukrcensus.gov.ua, accessed 8, March, 2010). During the 1991/ 1992 academic year, 49% of schoolchildren were taught in Ukrainian and 50% - in Russian. By 2000/ 2001 there were already 70 % of schoolchildren taught in Ukrainian and just 29% - in Russian (Razumkov Center 2002, p. 172). This controversy is grounded on the fact that while a large percentage of schoolchildren are taught in Ukrainian at schools, many use the Russian language as their mother tongue at home.

The reforms of 1995- 1999 witnessed the shift of financial responsibilities for education to local government, as well as establishing private educational institutions as a policy reaction to hyperinflation and a drastic fall in economic output in Ukraine. The emergence of private educational institutions in post-Soviet Ukraine was intended to relax the financial burden of the government, and to provide an expanded choice in educational services.

Although the foundation of private schools was permitted as early as 1988, private education has remained a marginal phenomenon (Janmaat 2000, p.76). During the 1997- 1998 school year only 0.2 percent of all Ukrainian pupils attended private schools (Statystychnyi

sbirnyk… Ukrainy, 1998, as cited in Janmaat 2000, p. 76). Such poor attendance may be explained by the high tution that schools ask parents to pay for education. In Ukraine, not so many people can afford private schooling in a country with such low economic prosperity (Janmaat 2000, p.76). Another reason could also be that private schools are obliged to follow the state curriculum and programs for the subjects and the textbooks prescribed by the Ministry of Education (Janmaat 2000, p. 76). State schools, however, can use extra-hours for alternative subjects or for deeper learning the general subjects, and, therefore, private schools appear to have too little room for freedom.

Shifting financial responsibility to local budgets, also known as fiscal decentralization, is an initiative to transfer budget burdens from the national to the district level. The management of education at the district level is administrated by the local government, known as the Local Councils of People's Deputies`. General education schools (elementary, basic and high school) are subordinated to these Councils and financed from the funds of the corresponding local budgets. The Local Councils of People's Deputies (LCPD) are responsible for financing educational establishments, and in developing their network and material-technical base, ensuring the social security of the people participating in the educational process. However, because of economic contraction, the share of delegated expenditures for local budgets fell from 81 percent of total local expenditures in 2002 to 72 percent by 2005 (World Bank. Report No. 366761-UA, September 2006). The World Bank report states that the large and increasing share of the budget is spent on wages and utility expenditures, and that in turn, leaves too little room for other inputs such as textbooks, instructional materials and teacher training which are necessary to ensure quality of learning. Maintenance and repair of educational facilities are also badly needed, while the share of capital expenditures in total education spending is also declining. Furthermore, community involvement in formulating educational budgets is low; partly because of weak community spirit and partly because of the direct involvement of the state in educational policy at the local level (Slukhai 2006, p.70).

According to the above-mentioned WB report, some of these inefficiencies are viewed in dysfunctional links between financing, administration and regulation in the educational sector. The fiscal and administrative aspects of the intergovernmental framework and sector regulations do not give the proper incentives for increasing local revenue collection. The local governments have rigid budgets that are mostly spent on wages, salaries and heating (World Bank. Report No. 366761-UA, September 2006).

Hard budget constraints in the educational sector and the lack of efficiency in administrative coordination may be seen as major obstacles for successful financial restructuring of the public service.

4.4.2 Changes in the Structure of Education in Ukraine

Ukraine inherited an over-centralized unified educational system from the Soviet era (Janmaat 2000, p. 70). The rigid centralized regime introduced in 1934 with the rise of Stalin to power, instructed the schools in detail on subject matters, by means of curriculum and prescribed textbooks (Stepanenko 1999, as cited in Janmaat 2000, p. 70). One of the major functions of Soviet education was to inculcate the new generation with Marxist-Leninist ideology (Janmaat 2000, p. 70). Teachers did not have any freedom to express their opinions; parents were denied participating in school matters, and the establishment of any private schools on ideological and religious grounds was absolutely prohibited (Janmaat 2000, p. 70).

The era of Ukrainian independence opened with the introduction of new reforms in education. One of the policy objectives of the state`s national program, known as "Education: Ukraine of the 21st century" focused on "an elimination of uniformity in education and the sweeping away of the prevailed practices of authoritarian pedagogy" (Janmaat 2000, p. 71). Another official document claims that "the state monopoly in the branch of education is ruined, its multistructurality is guaranteed, (…) the forms of administrating become more democratic and perfect, the rights of educational institutions broaden, wide autonomy is given to them" (The Development of Education in Ukraine 1994, p.71, as cited in Janmaat 2000, p. 71).

However, despite policy attempts to transform the education system Fimyar (2009) through analysis of the relevant studies on education in Ukraine (Sundakov 2001; Krawchenko 1997; Koshmanova & Ravchyna 2008) asserts that "the shifts in discourses have not (yet) brought change to the existing Soviet-type institutional cultures and decision-making" (p. 4). Fimyar (2009, p.4) argues that the studies stress the growing gaps between policy discourse and practices in classroom settings, and the dissatisfaction with the reform strategy of the practitioners and a strong emphasis on nation-building and market-oriented rhetoric of the official policy-makers. Examples of state monopoly in educational policy-making, and

backslidings toward authoritarianism in the university and classroom settings take place as criticism in the education studies (Fimyar 2009, p. 4).

Ukraine remains a country with a rigid centralized structure of education system where decision-making is carried at the state level. From the data collected data during my fieldwork for the research (September-October 2009) reinforced the notion that schools are obliged follow a detailed curriculum developed by the Ministry of Education and Science of Ukraine (MESU) and use its prescribed textbooks. The freedom granted to teachers to develop subject matters and programs is tightly constrained by rigid bureaucratic regulations. Any programs developed by individual scholars, requires an official approval by MESU which turns into a complex and complicated procedure. In practice, not many school practitioners take on such a challenge (V. Hromovyy, personal communication, September 13 2010).

Nevertheless, it would be deceptive to argue that nothing has changed in the school structure of Ukrainian education from the Soviet era. Schools have received some autonomy to decide upon the optional subjects, and the individual pupils can choose upon the optional subjects in which to study. Teachers can express their opinions freely now, and they are given the latitude to use whatever supplemental teaching materials they find suitable (in conjunction with prescribed textbooks).

This chapter examined the evolution of education systems in two countries, Norway and Ukraine. It described how the political conditions and economical demands of each country helped to shape the operational system of education. Norwegian education experienced rather relaxed centralized control over schooling, nevertheless, democratic values and a strong populist tradition gives flexibility and space for discussion on structural changes of education at all the levels of society. On the other hand, the long history of a rigid centralized bureaucracy in Ukraine explains the slow changes toward decentralization and restructuring of the educational system. The next chapter will examine changes in the school budgeting process in each country.

5 Chapter 5: The Financial Provision of Schooling in Ukraine and Norway. School Budget.

This chapter provides an overview of the financial management structure of the educational system and further examines how the Ukrainian and Norwegian principals voice the challenges and issues regarding financial management of their schools. The chapter is based on interviews with the heads of two Kyiv schools, four principals of schools in Oslo, and a parent representative of a school board. It also draws upon an analysis of white papers and articles regarding budgeting in both countries.

5.1 The Financial System of Educational Provision in Ukraine

As described in previous sections, Ukraine is a country with a centralized system of educational management where most of the administrative and financial power belongs to the state. The state decides on matters of financial allocation, creation and approval of the curriculum, examinations' arrangements, finance control, etc. The tradition of centralism was inherited from the former highly directive Soviet regime, however, recently there have been shifts toward relaxing the central financial control. Ukraine has begun implementing fiscal decentralization and a transfer of budget burdens from national to the district level. This is a policy meant to increase the efficiency of finance allocation in schools, and to improve the performance and quality of public services (The World Bank report on the financing of health and education services, accessed June, 29, 2011).

The state delegates the responsibility for social services to the city and district (rayon) levels of local governments. Consequently, education is financed by local budgets. Although local governments fund the schools, the financial control and supervision are given to the central government (Slukhai 2006, p.71).

The local budgets are formed from top to bottom; in their main features, they are still replicas of Soviet-type budgeting system. First, the local authorities give provide information regarding their fiscal needs and fiscal capacity. Then the main budget money disposers prepare the processing of the budget requests to the local fiscal authorities (local departments of the Ministry of Finance) which in its turn, decide upon which requests should be included into the budget draft of regions or districts. After the Cabinet of Ministers approves the budget draft, the Ministry of Finance hands over the calculations of the main fiscal measures for drafting of their budgets to region and district authorities. When the annual budget has been adopted, the local authorities get the detailed information on the main parameters of their budget (Slukhai 2006, p.72).

School budgets are included in the budgets of each territorial unit (regions or districts). The local government determines the expenditures needed for secondary education each budget year. Each year school funding is planned according to educational standards set by the Ministry of Education and budgetary norms fixed by the National Cabinet of Ministers. School headmasters prepare an operating cost estimate of their schools for the budget year; district authorities review the estimate, and after their approval it becomes a part of the overall district budget (Slukhai 2006, p.77).

5.1.1 Interviews with Ukrainian Principals

The purpose of the following interviews were to investigate how the challenges secondary school heads experience in budget work, and to what extent they have power to decide over school budgeting. The major issues on budget matters were voiced by two male principals working in combined primary and lower secondary schools from two different districts of Kyiv. Participant A (referred as Principal A) is the headmaster of the secondary school in Desnyansky district and participant B (referred as Principal B) is the headmaster of a secondary school in Podolsky district of Kyiv.

Because the city of Kyiv has a special status as a territorial-administrative unit, it is responsible for all of the expenditures that have been assigned to regional level. Kyiv is a

municipality that comprises ten territorial-administrative districts *(rayon)* with ten district educational authorities *(rayono).* Schools of a certain territorial-administrative district of the city are subordinated to their district's educational authority that they belong to.

In the mid-90s, as a part of financial experiment, the schools of the Desnyansky district in the city of Kyiv were granted greater autonomy over their school budgets. The schools of the Desnyansky district recieved their own bank account, accountant and they manage some of the fiscal flows. One of the interviewees is a Principal A, a headmaster of the secondary school that became a part of this financial experiment, while Principal B is the headmaster of a secondary school in the neighboring district, Podolsky, and who experiences much less flexibility in the management of the school's fiscal allocation.

School Budget in Ukraine

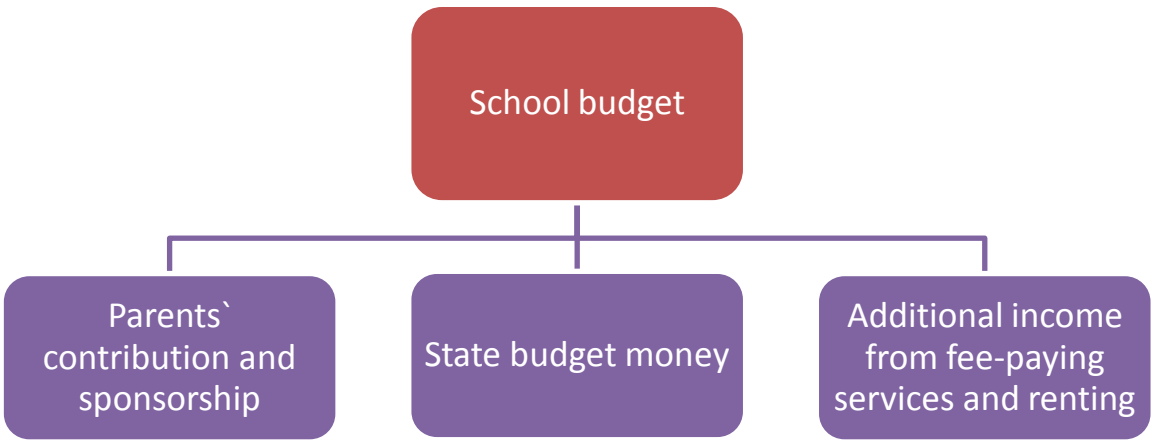
In general, the school budget in Ukraine consists of two primary budget items, such as staff salaries and expenditures for school maintenance. The budget allocations are strictly divided into budget headings with very rigid regulations (Principal A).

The funds are distributed among school units by the district educational authorities. In order to receive funds for the each budget year, the schools are required to prepare a cost estimate and send it to the central accountant office of the district educational authorities for evaluation. According to Principal A, the budget for schools granted by the district authority is quite tight and the allocation of resources among schools can depend on personal contacts between the budget bureaucratic administrator and the principal. Building such patronage relationships, a practice long established under the Soviet era, is an important means to procure better school funding.

> "The influential actors are the district state administrators who might distribute the finances partly according to their personal relationship with a school principal. The better connections the school principal has to the state administrator, the more generous funding and better equipment the school gets. The financial dependence of schools on the district educational authorities is one of a means of discrete control by district officials" (Principal A).

A tightness of school finances pushes the principals to seek supplementary budgetary funding. A significant part of extra budgetary resources come through informal arrangements, like parental cash payments and in-kind contributions. Additional income can also be generated from fee-paying services like extracurricular activities or renting out the school premises and sponsorship.

Table 4. The Sources of School Finances in Ukraine.



The allocation of resources granted by the district educational authorities is a subject to strict budgetary control and supervision from both the fiscal authorities at the district level and the State Control and Revision services. At the same time, the parental cash-payment contribution is not transparent to authorities or to the public "because of imperfection of the system" (Principal A); those resources do not go through bank or taxation systems and may sometimes involve the misuse of the finances from the headmasters' side" according to Principal B.

The Desnyansky School Case

In the mid-90s, the schools of the Desnyansky district became a part of the financial experiment. One of the interviews conducted illustrates the experiences of a secondary school headmaster who has been granted more flexibility in the use of school funds than his peers in other districts of the city. The school has its own bank account and accounting office, and the school is engaged in calculating staff salaries and pensions as part of their accounting function. The principals of the Desnyansky district are permitted administrative financial functions such signing contracts and trade agreements with service and trade companies independently, and without any special approval from the district educational officer. This autonomy makes financial operations with the school more efficient and seamless.

> "To have our own accountant at the school helps save time. Quite often even the most minor expenditure of funds requires filling a form and the personal presence at the central office. Sometimes it could take a couple or more days to get the approval of the district authority" (Principal A).

In spite of some delegated financial autonomy, Principal A's freedom to manage the school's funds is quite limited. He is not allowed to reallocate finances between budget items because of rigid state regulations. Even if a principal has managed to save some money on one budget item, he cannot transfer the money between budget items, and has to keep within the budget allocation allotted for each function.

Furthemore, if the school obtains additional private support, Principal A, cannot readjust the school cost estimate for the current year. Readjustments in school estimates are possible only after adjustments are made in the district budget, which can be time intensive because those changes at the district level cannot be done as easily or quickly for bureaucratic reasons.

> "This experiment has not been completed. The schools were not given real autonomy, they were just distributed some inadequate sum of money from the district budget…The most important is that they did not get any authority of decision-making, and the main decision is still up to the central government. Because all the fiscal issues occur in conformity with the norms set by the Ministries" (Principal B).

Thus, despite efforts to decentralize school financing in the Desnyansky district the heavily centralized bureaucratic machine inherited from the Soviet time, has maintained the motivation and position in keeping decision-making control over the usage of school money, by maintaining rigid financial requirements and regulation rather than promoting true resource efficiency.

The Podolsky School Case

The principal of a secondary school in the Podolsky district works at a school which has no internal accounting responsibilities; even the utility bills are paid by the district government. Staff salaries and taxation finances are managed through the district's centralized educational accounting office. Principal B is not allowed to perform any tendering procedures to purchase goods and services for the school's needs. The school recieves funds from the district for basic necessities such as staff salaries, heating expenditures, and garbage services. The Principal has to stay within the strictly divided budget articles' allocations.

> "From my point of view, the school fiscal autonomy is seriously limited by imperfection in the legislation and the policy to distribute funds according to individual school's needs but not to individual student's needs…" (Principal B).

Money Follows a School?

The primary issue in Ukraine budget allocations is that funds are allocated according to the school's estimates of fiscal need but not to the need of individual students. To put it simply, money follows a school but not a student. As stated by Principal B, "In our country, money does not follow a student. The educational unit is funded but not the needs of individual students. In such case, half-full schools receive the same amount of money as the overloaded ones". This method of fund distribution implies that cost efficiency is not taken under serious consideration. The most attractive competitive schools with full (or sometimes overloaded) classes receive less per-student expenditures than less popular ones with half-full classes.

From the Principal B's point of view, the benefits of per-student funding could result in a) increased inter-school competition since the school with maximum amount of students

receives more funds for managing schools, and b) more accountable and transparent educational expenditures to the public. As Principal B explained, "This issue is a highly sensitive topic exposing the flaws of the society since it is connected with the actors, their job positions, and their incomes".

Accountability and Community Participation

This research was unable to locate any published information concerning educational budget execution. A previous study by Slukhai in 2006 supports that there is an information gap, and also states that there is no public access to information on current budget execution published or posted on the Internet (Slukhai 2006, p.74).

There is currently a problem with accountability of the state to the public exists. The strict budget supervision and control from the central government shows that accountability is mostly expected to the state authority offices, rather than to the public. Partly, this reflects the long-standing tradition of a centralized state with overpowering governmental regulations in educational finance, and low community involvement. The tradition of centralism has created weak popular demands for shifting more decision-making authority from top to bottom. The public is neither ready to participate in local decision-making, nor are the state officials ready to allow the public to be involved in financial decision-making (Slukhai 2006, p.71).

> "One cannot find many principals or teachers who want that. Most of them just go with the flow" (Principal B).

As to parental participation in school affairs, Principal B finds it also rather weak.

> "We made some attempts to create parental committees. But to be honest, we failed. We asked the parents to be engaged into school life. As a rule, they agree, but this committee does not function since people are not concerned. And when their children finish school, they lose any slight interest. They simply do not need this" (Principal B).

In summary, the financial system of educational provision in Ukraine represents a replica of the centralized bureaucratic machine from the Soviet past. The delegation of financial responsibility for education from the state to the district level does not necessarily influence

the efficiency of finance allocation at the local level. Schools are seriously limited in their use of public funds and have minimum amount of possibilities to be flexible in the distribution of funds because of an earmarked funding system and rigid central regulations. Budgetary accountability is mostly expressed in state budget control and supervision rather than through public accountability. The community participation remains weak because of a legacy of traditions of a command economy in the public sector, and extensive involvement of the state in educational financial affairs. Even though both of the interviewees expressed their desire for changes in school financial management in order to gain more efficiency in educational service delivery, they also expressed that present-day legislation (earmarked funding and the inability to reallocate money among the budget articles) does not provide the latitude needed to achieve a better use of public resources.

5.2 The Financial System of Educational Provision in Norway

The primary factor that distinguishes educational provision in Norway from other countries is comparatively high expenditures on primary and lower secondary school education. According to a 1987 report, by Kjell Eide (the Norwegian Ministry of Education's scientific adviser) (as cited in Lauglo 1995, p.311-312), Norway and Sweden apply a higher proportion of expenditures to these levels of education than other countries that belong to the Organization for Economic Co-operation and Development (OECD). As a result, the per-student funding in basic education in Norway is quite high (Lauglo 1995, p.312).

Before the mid-1980s, basic school education was funded by the state through direct grants allocated among the local communities (Rust 1989, p. 275). Since then, and in the name of decentralization, the majority in Parliament has deregulated the budgeting and educational standards for primary and lower secondary education. Earmarking through budgets has been replaced by local self-determination (Koritzinsky 2001, p.129). Central state subsidies for education were transferred as a single block grant to local authorities to divide and allocate at the municipal or county level. Therefore, units of local government and local stakeholders have greater local budgetary control over education public service (Rust and Blakemore 1990, p.507). Management by objectives, as an organizational strategy, implemented in education in

the 1990s was intended to promote effectiveness and efficiency in Norwegian schooling by making operations more goal-oriented and optimizing the use of resources. The delegation of finance responsibility to the local school level was meant to provide freedom in terms of the flexibility to manage the school budget, and to use public funds more efficiently and goal-oriented. These changes involved greater responsibilities and new work tasks for the school administrators pushing them to take up managerialist positionings (Hagen 2010, p.149). The following part of this research provides the views of the interviewees on institutional autonomy in terms of school finance, their experiences and challenges connected with budgetary management.

5.2.1 Interviews on Budget Work in Norwegian Schools

The following provides a short overview of how Norwegian principals voiced their experiences and challenges with delegated budget responsibilities. It draws on interviews conducted with three active principals, one woman, referred as Principal C, and two men, referred as Principals D and E, and one retired female school principal, referred as Principal F. Principal F's long-term history working in schools was highly appreciated since she had experience dealing with both earmarked school financing, and delegated budget work . The last part of this chapter is comprised of some feedback from the leader of the school board, a parent representative of *driftsstyret* (a school`s governing board in the Norwegian school system) at a school in Oslo. This parent representative has an economics background enabling him to carry out the financial monitoring.

All of the principals interviewed were working in combined primary and lower secondary schools in different parts of Oslo. Principal C and Principal F were school leaders of the same school located in the western part of Oslo, in an area with people of high average income. The students at the school were primarily of Norwegian decent. Principal D ran a school located in the remote eastern part of the city "where people live under the level of poverty" (Principal D). The majority of students at this school are the children with minority backgrounds. Principal E was a school leader of the school with a small number of minority students. It is located quite centrally in the area with people of high income. All the schools are relatively small and are comprised of approximately 200-250 students each.

School Budget in Norway

The decentralization reform in the management of schools' finances in the mid-1980s has replaced the rigidly regulated earmarked budget system with block grant formula schools. This is the way how Principal F describes the earmarked school finance operations before the 80s: "We got money from the Director of Education *(skolesjefen),* and had to keep within the allocated sums. Some money was meant for the school materials (teaching aid and books), and some money for the teaching hours". The principal decided on how many teachers the school could hire based on the financial resources for the staff recruitment granted by the Director of Education *(skolesjefen).* Finances for wages were transferred from the centralized accounting office of the Director of Education to the school's bank account, "so we had nothing to do with the salaries" (Principal F). School furniture and school maintenance, in general, were also the direct responsibility of the Director of Education *(skolesjefen).* Since "school finances were always too tight and it was always difficult to get money for the school needs" (Principal F), the principals had to rely on their personal contacts to get access to funding, "some principals were good at getting money for the schools, some were not. It depended on what kind of a person you were, how you dealt with the authority, how clever you were, how well you knew them. Now the situation has changed, and a role of a principal is entirely different" (Principal F). The change in budget authority has delegated responsibility for the total school budget, including maintenance, running costs, and substitute budget headings to the school leaders. Furthermore, local school leaders are got more engaged in calculating salaries, pension and social welfare funds (Hagen 2010, p.149).

Funding Schools by Formula- Freedom and Control

As has been mentioned prevously, delegation of school finances has replaced the old way of earmarked school budget allocation with formula funding for schools. Funding schools by formula is a mode of money allocation approved by the politically elected city council *(bystyret)* (Principal A). The distribution of funds derives from the calculation of the educational expenditures for a particular school. Roughly stated, the global school budget includes: 1) 1, 8 million Norwegian krones as budget start; 2) money allocated for per-student

expenditures, around 37, 000 Norwegian krones per-student per year; 3) mandatory budget items such as teacher salaries and school maintenance; and 4) some amount of money distributed according to the socio-demographic criteria of the area where the school is situated. The socio-demographic characteristics are determined by income level and social status of the adult inhabitants around the school's location (parents on social aid, single parents, etc.) "The higher income of the parents, the lower allowance the school gets" (Principal A).

The changes in budget allocation authority provides more freedom in terms of flexibility and expands the possibility for principals to reallocate between budget headings and permits carrying forward some surplus or any deficit to the next year's budget. "The budget headings do not split very clearly, they go with each other. The point is that by the end of the fiscal year, the budget should not be negative… But if I exceed the budget…by one million, I need to carry this deficit to the next school budget year" (Principal D). However, carrying some deficit over to the next year's budget might turn into a quite risk-taking business to go in the red, "if the next year I meet the same challenges, I have to find the ways to reorganize schooling, I have to go into negotiations with the teachers' organization…but if I exceed the budget of 2, 5 mill, for instance, I can lose my job" (Principal D).

Budget insecurity and financial challenges are potential expectations in future budget years as described by Principal D and all the other principals. These fears are connected with the arrival of new students that might require extra teaching assistants, especially with special needs students. Such high expenses are not included in the school year's funding estimate that was established in the prior year.

> "If I have students with diagnosis like Down syndrome, ADHD, autism, etc…they take a lot of resources, they need special training and people to take care of them. This cost extra-money. If I have an ordinary class with 30 pupils, I can have one teacher. When I have one of these children, I need one teacher and one assistant. And this costs a lot of money. I don't get extra-money for these students, and that's a problem. This year I have nine students who need extra support. Because I had to hire necessary staff to take care of them, I exceeded the budget by one million" (Principal D).

Principal C has one child with special needs at her school.

"We get no extra money for children with special needs. They (author's remark: the municipal education office, *utdanningsetaten*) say that they put extra money in the school's social-demographic allowance… We've got a student with autism that needs a personal teaching assistant, and it costs a lot of money. If he was in another school in the class with other children with special needs or autism, this school would get 675 thousand crones per student. But if the parents of the boy chose to stay here, we would get 37 thousand per year. And then we have to take money from the ordinary budget to cover the expenses. But the parents can decide if they want their child to go to school for special needs or school in the area where they live" (Principal C).

The financial pressure caused by the extra expenses of educating children with special needs has changed the role of the school administrators. Their positions got more managerialist, now that they have to reorganize the teaching process in such a way that the funds are used more efficiently and goal-oriented.

"Because of the finance tightness, I had to arrange classes into groups with a bigger number of pupils" (Principal E).

"Of course there are always ways to organize teaching with a better use of money. We introduced the Early Years Learning Method* at our school. This method allows us more effective teaching and better use of money than the traditional method. Through the Early Years Method, one teacher, let us say, can teach 30 children, ensuring the development of each pupil at their own speed, and achieving the aims of *Kunskapsløftet* (author's remark: the Knowledge Promotion Reform). This way I can save on a couple of teachers, and save some money up. But I must be careful in organizing those classes" (Principal D).

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*The Early Learning Method is a learning technique designed by Australian educators. The learning process involves dividing the children into learning groups with their subsequent moving from one group to another. Such arrangement allows teaching of relatively big group of students with fewer teachers` involvement as compared with traditional class teaching (Principal D).

Budgetary freedom which includes activities such as saving resources from teachers' salaries, and reallocating the funds from salary to other budget areas, increases the principals` responsibility to the Director of Education to make the right financial decisions. It also raises the risk of conflict with school staff.

> "I must cut three teachers because we can`t afford them. I have to go into a kind of negotiations with the Teachers` Union and tell them that we have a tight budget, and can't have so many employed next year. So how are we going to do this? We argue about these issues. But at the end of a day, it`s my decision" (Principal D).

As far as budget negotiations, employee representatives are expected to be heard on issues, but the final decision is up to the headmaster. The principals are put in sensitive situations caused by overspending. They need to know when to oppose the Teachers' Union, of which they are also a member but they are also accountable to the Director of Education and the school board *(driftsstyrret)* through frequent financial reports.

More budgetary freedom, increased responsibilities, and the pressure of internal and external control were common themes in the interviews. The principals expressed their commitment and willingness to deal with delegated budget work, "I do not want to be ruled by anyone anymore. The self-steering is very good for us actually. We have a lot of freedom to do what we want and need for our school. But also along with freedom, there comes responsibility. These two things go hand in hand" (Principal D). They saw advantages of funding schools by the formula system but also wanted sufficient funding for special education needs. A tight budget caused by inadequate funding for children with special needs was pointed out as the main challenge for principals in budget administration. Formula-based allocation of school funding entails the idea of "money follows a student" where per-student educational expenditures are transferred to the budget of the school the student attends. In the case of students` transferring between schools, the educational funds for that student would be included in school budget of the school to which the student transfers. According to the interviewees, educational expenditures for children with special needs are significantly higher than expenditures for regular pupils. Special needs schooling expenses typically involve extra staff salaries for teaching assistants. School institutions or classes for children specifically with special needs get additional funds for extra teaching support, while those children who choose regular schools are funded in the same way as the students without special needs. This begs the question: does not all the money follow the students with special needs?

Accountability and Community Participation

Before the mid-80s, there were two school elected parent bodies, a Parents' Council Working Committee *(FAU)* and a Coordinating Committee *(SU)* (Principal F). Parents' Council Working Committees *(FAU)* and Coordinating Committees *(SU)* are still operating within the school system. Parents Council Working Committees are responsible for ensuring that parents have a real influence and that the pupils' learning environment is secure and good. Coordinating Committees *(SU)* are advisory bodies, where all the parties in the school are represented: pupils, parents, teaching staff, other employees and two representatives from the local authority, one of which must be the head teacher. SUs have the right to issue statements with regard to all matters that concern the school. (www.fug.no, accessed 25 March, 2012).

With the introduction of SBM, the school board *(driftsstyrret)*, a new independent body, was organized. The school board is comprised of two parent representatives, two school employers, three local politicians, and the principal. The principal serves as a secretary without the right to vote (Principal C). The aim of organizing the school board was to strengthen local control through delegating responsibility and authority to the individual school, and to create the conditions for optimal use of the total resources of school (www.fug.no, accessed 14 March, 2011). A school board *(driftstyrret)* can replace a coordinating committee (SU), such a decision is taken on at the district level (www.fug.no/driftsstyre, accessed 14 March, 2012). The main difference between the two bodies lies in the power of decision-making. A Coordinating Committee *(SU)* is an advisory body without any power over decision-making, while a school board possesses a legislative authority to decide on school budget and organizational matters (www.fug.no, accessed 14 March, 2011).

> "The difference between SU and a school board is that the parents got more important, and they feel more important. The leader of a school board is usually a parent. The principal`s role, in turn, got less important. But that`s okay, the school wants to have a cooperation. …The principals take the meetings with the school board more seriously preparing definite documentation and papers for the school board`s evaluation" (Principal F).

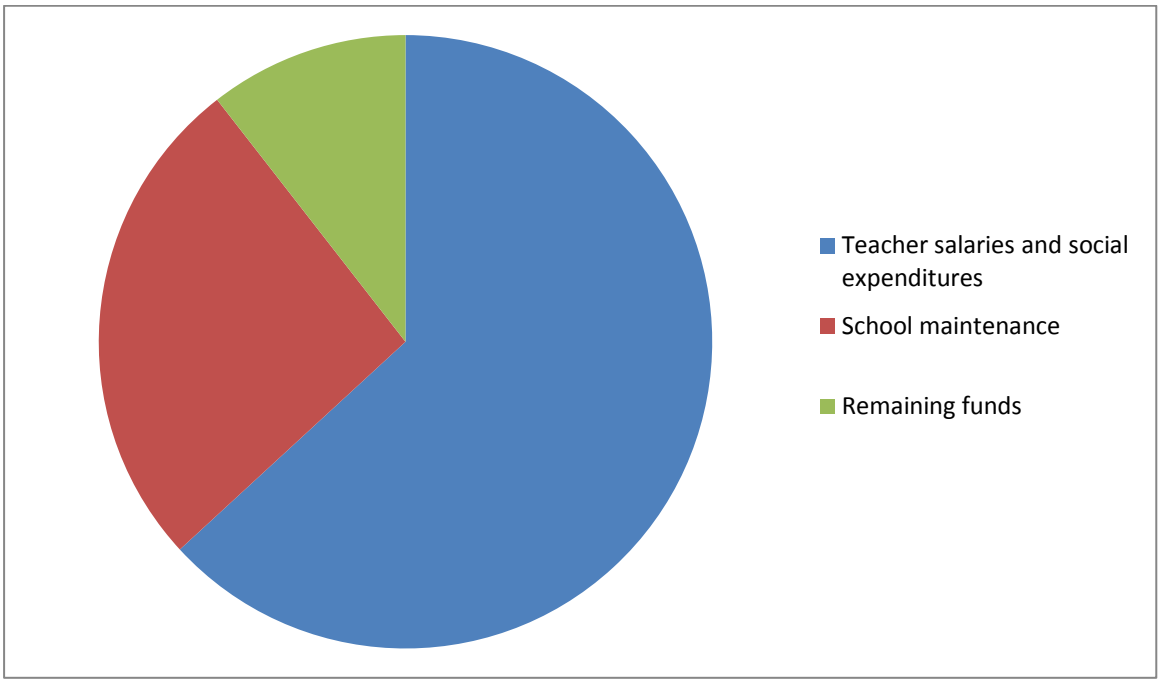
After the evaluation, the principal prepares and submits a school budget proposal with a list of budget priorities for the following year to the school board. The proposed priorities might be justified by the national or district guidelines, such as the state exams, the social arrangements, or a focus on a specific subject (www.fug.no, accessed 14 March, 2011).

"I need to take a budget to the school board, and it's up to them to decide to go for it or not. For now our main priority is a school library because we put so much effort into involving the children into reading. So we need a library and a person to run it"(Principal D).

The task of the school board is to approve or veto a strategic plan and budget proposal that ensures that the school keeps spending within the allocated limits (www.fug.no, accessed 14 March, 2011). The decisions are made once a year in the middle of a school year (according to the leader and parent representative of the school board). The idea behind this is not just about power structures, but rather providing transparent access to information, increased accountability of budgetary decisions to community stakeholders, and providing a platform for citizens to actively participate in school decision-making.

According to the leader and parent representative of the school board in practice, however, the power of the school board to decide on school budget issues is minimal according to the words of leader of the school board. The reason for this is that there is a very limited part of the overall budget of which the school board has any practical influence. Two thirds of the entire school budget involves mandatory outlays on teacher salaries and social expenditures while, approximately 25% of the budget is allocated for necessary expenditures such as school maintenance, rent and electricity, and another 10% of the budget is used on teaching materials. It is 10% (teaching materials) that is available for the school board's practical approval because the other 90% has to be used on necessary budget areas.

Table 5. Breakdown of the school expenditures.



As follows from the interview with the leader of the school board, once a month the school board`s leader monitors the fiscal status of a school budget via the principal`s cost reports. Such a frequent and thorough monitoring of school finances by a school board highlights a high level of public inclusion in the overall of the school. In spite of limited practical decision-making over school expenditures, a school board possesses a sufficient amount of influence over the head of financial decision-making at school. The authority of a school board to supervise the use of resource allocation is given by law. Transparency and the independent control of the community ensure that collusion in any fraud within a school does not occur.

In regards to the school board`s limited authority over school budget, it seems, from the interviews with the principals, that both the school heads and school board are forced to operate within the same tight financial frame. Formula funding for schools provides more flexibility to manage school finances in a more efficient and appropriate manner for the individual school. It allows the schools to meet their individual needs and specific educational goals.

At the same time, formula funding and the delegation of spending decisions expend the range of tasks and responsibilities expected of the school leaders. Furthermore, tight school finances caused mainly by inadequate educational provision for special education needs in regular schools, force the principals to reorganize teaching process and rearrange school finances on regular bases. An adjustment in the method for formula funding which would include a more adequate financial provision for children with special needs in regular schools, might be seen as a fair way to finance the Norwegian schools moving forward.

Education in Ukraine is financed by local budgets under the tight control and supervision of the central government. Ukraine has inherited this system of central financial control over education from the Soviet past. Some recent shifts toward fiscal decentralization on the district level haven`t brought any significant changes in school financing. Schools are seriously limited in the way in which they are able to use public money efficiently because of an earmarked funding system and rigid central regulations. According to the interview with Principal F, before the 80s, Norwegian schools operated within the similar earmarked budget system. The allocation of school funds was rigidly regulated, and the prime control over fiscal expenditures belonged to the centralized accounting office. Norwegian principal F pointed out that under such a system of financing, the schools personal networks were crucial for getting available financial resources. Ukrainian Principal A also stressed the importance of personal connections with administrative officers, "The better connections the school principal has to the state administrator, the more generous funding and better equipment the school gets." The existence of this common phenomenon in two different educational systems can lead one to believe that a centralized control system, with rigid financial regulations, might facilitate the development of personal contacts as a way to seek for creative financial solutions. Principal A also added that the financial dependence of schools on the district educational authorities could be seen as one of many means of discrete control by district officials. In centralized bureaucratic systems with a clear top-down system of management, officials often possess dominant roles where exercising or the misuse of power through financial decision-making, can take place. A distinctive case of Norwegian decentralized school management reveals that greater school autonomy in financial decision-making makes financial operations less bureaucratic, and more transparent and accountable to the public. The possibility of implementation of greater school autonomy in budget decision-making in the socio-economic context of Ukraine will be discussed in the next chapter.

6 Chapter 6: Discussion and Concluding Remarks

6.1 Research Findings

1. *To what extend do public schools in Oslo and Kyiv have the freedom to decide over their school budget?*

Comparing the models of Norwegian and Ukrainian school budget management, the results showed that there is a striking difference in how the schools of Norway and Ukraine decide over their budget. A clear difference in school budget authority lies basically in the fact that Ukraine still remains a country with a centralized financial management system, while Norway has implemented fiscal decentralization policy in education since the mid-1980s.

This decentralization reform has replaced a centralized earmarked budget system with formula funding for schools, and has introduced greater budgetary control over school finances. Norwegian schools received the freedom to expand financial resources allocated in a way that each school finds to be most appropriate to their needs, and in the context in which they work. Under this current system, the school administrators can reallocate money between budget categories and carry forward some surplus or any deficit to the next year's budget. This level of financial autonomy provides greater flexibility for school leaders to manage the school budget and use public funds more efficiently, and furthermore it allows schools to be more goal-oriented. The principals interviewed explained that the way in which they are granted the latitude to rearrange classes in their schools so that they can spend less on teacher salaries and at the same time, insure that the aims of curriculum are achieved. The Norwegian principals interviewed as part of this research, expressed that there are were clear advantages to school financial autonomy, and at the same time, pointed out some practical challenges connected with this type of budget management.

Inadequate funding for children with special needs was viewed by the principals as a main issue in their ability to appropriately manage budgets. In Norway, children with special needs have the right to attend regular schools within their neighborhood. Providing inclusive schools is a basic tenet of the Norwegian Government's educational policies (Norwegian Ministry of Education and Research, 2011). The schools in Norway are obliged to ensure the

most appropriate education possible for each particular student and under this principle, schools must provide special educational assistance, and support for children with special needs when required.

> "All children in Norway have a right to attend kindergartens and educational institutions, to attend their neighbourhood school and to receive special educational assistance and special needs education where this is required. These rights shall be granted unconditionally. It is the responsibility of the authorities to ensure these rights are met for each child – regardless of their abilities and capacity. The authorities also have a definite obligation to prevent discrimination."(Norwegian Ministry of Education and Research, 2011, p. 4)

According to the interviews conducted with school administrators, educational expenditures for a child with special needs are significantly higher than others because special needs tutoring, as a general rule, includes salaries for additional teaching assistants. In spite of this, special needs education in regular schools is funded the same way as regular students` schooling. In order to provide appropriate schooling for children with special needs and to cover the expenses connected with special needs education provision, the principals are forced to rearrange resource allocations, and even reorganize teaching methods in such way that conserving teacher salaries might be possible. At the same time, cutting resources can put school leaders in a vulnerable situation with employee representatives in negotiations with the Teacher`s Union. The more children with special needs that attend a school, the greater the challenges a school principal has to manage in term of school budget. Sometimes when it becomes impossible to balance the budget, the principals are forced to carry some deficit over to the next year's budget. Because of these circumstances, going in the red from one budget year to the next might put an unnecessary burden on the school principal to take a risk which could ultimately and unduly lead to professional dismissal.

The per-student funding in Norway education in basic is quite high (Lauglo 1995, p.255). The assurance of inclusive school is a statutory requirement for Norwegian schools. The Education Act stipulates "that the educational system in Norway must be of equal quality and adapted to the circumstances and abilities of each child" (Norwegian Ministry of Education and Research, 2011, p.5). The aforementioned white paper states that "this requires good learning environments, where pupils experience an academic and social community which is pleasant and good for their development" (Norwegian Ministry of Education and Research,

2011, p.5). At the same time, the pressure and budget tightness caused by insufficient funding of special needs education, constrain the principals` freedom to use resources on the most effective learning mechanism for all pupils. This forces administrators to juggle between searching for strategies on how to cope with school budget gaps and at the same time, finding ways to achieve curriculum aims.

In contrast, the present-day Ukrainian financial system of educational provision to a great extent represents a replica of the centralized bureaucracy from the Soviet past. This study shows that, in general, the level of school autonomy in Ukraine is seriously limited. Schools have limited possibilities which they can be flexible in the distribution of school funds particularly because of an earmarked funding system and rigid central regulations.
A pilot program designed to delegate a greater fiscal autonomy to the schools of the Desnyansky district have not been completed mainly due to the fact that there were no substantial changes executed within Ukrainian legislation to grant the needed administrative authority to do so. According to the principal interviewed, the schools were not granted any authority in decision-making and all of the same fiscal issues still occur in conformity with the norms set forth by the Ministry. The school leader is not allowed to reallocate finances between the budget categories even if happens to save money on one budget item, the principal cannot transfer money between budget articles and has to keep within the allocated budget.
The question then presents itself as such: what kind of fiscal autonomy does the school of the Desnyansky district receive as a result of the financial experiment of the mid-90s? The school of the Desnyansky district gained more autonomy from the central accountant office in making financial operations locally and in utilizing an internal bank account and accounting office. The school also received the ability to calculate the school staff salaries and pension within the school accountancy. The principal of the Desnyansky district was enabled to sign contracts and trade agreements with service and trade companies independently, without any special approval from the district educational officer. That made financial operations more efficient and responsive to time constraints.
In summary, budget work models that function in Oslo and Kyiv represent a distinct cross-country difference as evidenced by the significant differences in financial management models and diverging national and local government approaches to organizational management, otherwise classified as `bureaucratic centralism` and `decentralization`(Lauglo 1995, p.6).

6.2 Reflecting Results Trough the Lens of Theory

Applying the concept of loose coupling in complex organizational systems presented by Glassman (1973), Weick (1976), and Orton and Weick (1990) as a lens to decipher and discuss the study results, the logical first step is to identify what can be described as a coupling interrelationship between a given school and the top levels of the hierarchical system.

According to Weick (1976) the coupling between units within a hierarchical system of organization happens by means of two main coupling mechanisms, "technical core of the organization and the authority of office" (p.4). In the case of this research, finances are examined as technical coupling, while authority as the coupling mechanism is represented here by opportunities, control, responsibilities and accountability.

The concept of school-based management carries an idea of self-managing the schools; in such a case, the schools receiving more autonomy to decide over their school budget show their relative organizational independence or fragmentation in terms of bureaucratic linkages and can be viewed as a loosely coupled unit in an organizational hierarchy of education. On the contrary, a centralized system with rigid regulations of financial management performs as a tight coupling between schools and top hierarchical units. In this case, it is not a structural, but a conditional looseness/ tightness where "glue" (Weick 1982) that holds schools and top financial offices are coupled in school finances.

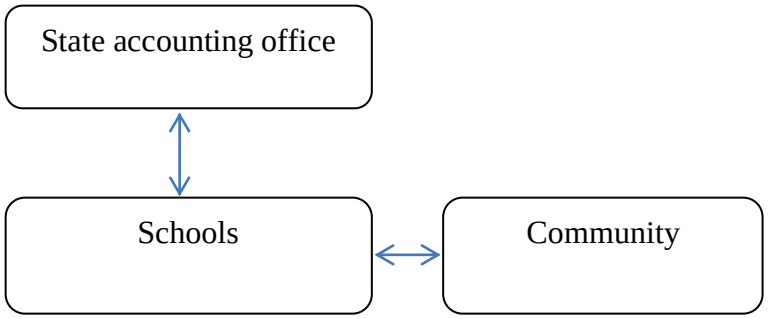
In his study Weick (1976) argued about potential advantages and disadvantages that loose coupling may have for educational organization. These research findings support some of his arguments. Weick (1982, p. 674) states that the looseness of the units on the bottom of the educational organizational structure provides greater flexibility and adaptation on the local level. (Weick 1982, p. 674). The schools of Norway due to their diversity and partial independence are easily adapted to small changes and demands of the environment. They get to "know" better their local environment and culture, and consequently, they are able to search for the true solutions that fit their local fiscal issues and problems. Conversely, in the case of Ukraine, centralized government and the management of school finances do not necessary respond accurately to particular school`s interests and needs.

Another advantage to a decentralized system is that in the case of escalating problems in a loosely coupled unit, the rest of the system still operates in a stable manner. But on the other hand, disadvantage to decentralized system is that the potential problem is not obvious. If a small problem in a loosely coupled unit that has a potential to enlarge itself was not predicted and solved in sufficient amount of time, it can lead to a crisis that would be difficult to cope with. In tightly coupled centralized systems, the potential problem is more obvious and more likely quickly resolve itself. For example, a self-managed Norwegian school experiencing a deficit from one budget year to the next might run the chance of getting into such large debt problems that would be hard to solve over time. In turn, a similar problem in tightly coupled centralized system might be more obvious and likely to resolve quickly.

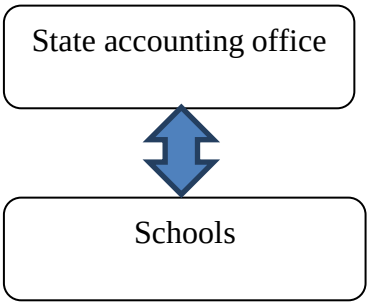
From this perspective, a high degree of community participation can be viewed as a legitimate checks and balance mechanism in school finance decision-making, and as a compensation for loose coupling between schools and state accounting offices. In such cases, greater accountability to the community compensates for the looseness in bureaucratic linkages and may prevent or minimize some potential problems if wrong financial decision-making takes place. The authority of the Norwegian school board *(driftstyrret)* to supervise resource allocation is granted by law, and the school board`s task is to approve or veto a school's budget proposal that keeps the school spending within the allocated limits. Community control over the school budget may be considered as another loose coupling that occurs on a linear dimension between the schools and school boards and compensates the looseness of hierarchical units. The chart below depicts the difference between loose and tight coupling in educational organization.

Figue 6. A loose and tight coupling in educational organizational systems.

A compensation for loose coupling.



Tight coupling.



When schools become more autonomous units, the fundamental role of a school leader is alo changed. In tightly coupled, centralized systems, the patterns of governance are quite similar and job descriptions are mostly linked to the course of study. But as a school gets greater autonomy, it also gets more responsibility, particularly in the fiscal management of the institution. Norwegian Principal F who was a school leader both before- and after decentralization reforms, pointed out that financial school autonomy lead to another style of leadership and management where the role of the school leaders were not crucially changed, but transformed. Self-management of financial matters within the school requires from the principals more expertise in financial and organizational management from the principals. The role of the school administrator, which was formerly framed by rules and regulations, was fundamentally changed to that of an educational leader with expertise in organizational and financial management. This new model for school management demands expertise in a broader range of skills from school leaders which has to be provided through professional and in-service training (Abu-Duhou 1999, p.32) and what is not less important, involves personal organizational talents.

6.3 Recommendations

2. Is greater school autonomy on budget matters possible in the socio-economic context of Ukraine?

This part of the chapter includes the examination of the possibility to apply greater school autonomy on budget matters in the socio-economic context of Ukraine. The following recommendations are based on the theory and research findings presented above.

An entrenched legacy of socialism, central planning and persistent economic instability are the most striking features of the current state of socio-economic affairs in Ukraine. The long history of a rigid centralized bureaucracy in Ukraine might help explain the slow changes toward decentralization and restructuring the educational system. Some slight attempts to delegate some financial responsibilities to the school level were hindered by imperfections in state legislation. The schools that became a part of the decentralization experiment in the 1990s did not gain any real power to decide on their budget matters because all of the fiscal issues occurred in conformity with the norms set forth by the Ministry. A very minor role in

financial decision-making can be attributed directly to the schools; they are almost fully financially sustained by district state authorities.

The possible effects that greater school autonomy in financial decision-making may have on school performance in Ukraine can be predicted through this body of research.

6.3.1 Mode of Money Allocation

The main argument in favor of more budget autonomy in schools in Ukraine is resource and time efficiency. The current approach, to allocate the funds according to the estimates of fiscal need but not to the need of individual student, shows that cost efficiency is not taken under serious consideration. In such cases, half-full schools receive the same amount of money as those that are overloaded. If the funds were allocated directly to schools through a formula-based approach with greater in autonomy in budgeting the funds, the schools would get more adequate funding and more freedom to utilize the funds according to their specific needs. The school administrators would likely be more motivated to economize school budget outlays.

Formula-based allocation of education finances is typically less bureaucratic and furthermore, financial decisions made at the school level might be executed more quickly since they do not need to go through a long bureaucratic line of intermediate offices. The experience of the school in the Desnyansky district shows that broader rights in the use of funds, without any special approval from the district educational officer made financial operations quicker and easier.

6.3.2 Accountability and Transparency

In addition to time and cost efficiency, formula funding and school-based management increases accountability and transparency to the public. According to Levacic`s (2004, p.187-189) comparative study, formula funding of schools reduces fraudulent practice, while earmarked funding may create the potential for corruption at intermediate levels within the system. As Principal B remarked in regards to the transparency of public funds use, “this

issue is a highly sensitive topic exposing the flaws of the society since it is connected with the actors, their job positions, and their incomes", makes one assume that the resistance against decentralization reforms in Ukraine may involve a certain the interests of a group of actors who are not willing to lose their power so easily.

At the same time, the delegation of spending decisions to schools may cause wider opportunities for fraud at the school level. One possible way to prevent or minimize the potential for corruption is to conduct the school`s financial transactions through and official school bank account. As an example, the current parental cash-payment contribution into the school budget is not transparent neither to authorities nor to the public "because of imperfection of the system" (Principal A); "those resources do not go through bank or taxation systems that may sometimes involve the misuse of the finances from the headmasters' side" (Principal B). The example shows that fraud-free financial self-management requires well-designed financial regulations, which demand transactions of through school bank accounts, the monitoring of school`s finances by the educational authority, an independent audit office, and an established school board.

6.3.3 Community Participation

As it follows from the research findings on Norwegian school self-management and a theoretical background on decentralization policies in education, the implementation of greater budget autonomy in schools must be directed at strengthening of public governance. Taking into consideration, the weak legacy of community participation, one can hardly expect an immediate wiliness of community representatives to participate actively in school finance affairs if there were shift in decision-making authority from the state to local level. Promoting community participation is not an easy task that cannot be fulfilled simply by legislative reforms. It can take time for society prepare for changes in the political and economic spheres, while at the same time, state officials need to be ready to allow the public to be involved in financial decision-making.

6.3.4 In-service Training for School Principals

As a general rule, school principals reach their leadership position by means of promotions, typically starting from a career of teaching. Financial expertise is not a skill typically required for a job in teaching, but it becomes significant for those who find themselves in a leadership position within self-managed schools. Financially self-governed schools require a higher level of responsibilities from school administrators because they are responsible for the financial performance of the school, in addition to academic achievement. Therefore, it is important to provide financial management training to such school principals in order to improve their knowledge in budgetary work.

Both of the Ukrainian principals interviewed were willing to accept more fiscal autonomy, however, it does not necessary mean that most of Ukrainian school principals are ready for changes in budgetary responsibility. Greater fiscal autonomy requires not just financial expertise but a fundamental rethinking of the way in which schools are managed.

6.4 Concluding Remarks

In summary, the school finance management in Norway and Ukraine presents two different organizational models, rather decentralized Norwegian school management and highly centralized school management in Ukraine. The long history of a rigid centralized bureaucracy in Ukraine explains the slow changes toward decentralization and restructuring of the educational system. On other hand, democratic values and strong populist tradition in Norway gives flexibility and space for discussion on structural changes of educational system.

The decentralization reform in Norway since the mid-1980s has replaced a centralized earmarked budget system with formula funding for schools, and has introduced greater budgetary control over finances. Norwegian schools received the freedom to expend financial resources allocated in a way that each school finds to be most appropriate to their needs. The study shows that formula funding for schools in Norway allows a greater community participation in school finance decision-making.

In contrast, the financial system of educational provision in Ukraine represents a replica of the centralized machine from the past. The delegation of financial responsibility for education from the state to the district level does not necessarily influence the efficiency of finance

allocation at the local level. Schools are seriously limited in their use of public funds and have minimum amount of possibilities to be flexible in the distribution of funds because of an earmarked funding system and rigid central regulations. Budgetary accountability is mostly expressed in state budget control and supervision rather than through public accountability. The community participation remains weak because of a legacy of traditions of a command economy in the public sector, and extensive involvement of the state in educational financial affairs.

The main argument in favor of more budget autonomy in schools in Ukraine is resource and time efficiency. The current approach to allocate funds according to the estimates of fiscal need but not to the need of individual student, shows that cost efficiency is not taken into serious consideration. Additionally, formula funding and school-based management increases accountability and transparency to the public. As if follows from the research findings on Norwegian school self-management and a theoretical background on decentralization policies in education, the implementation of greater budget autonomy in schools must be directed at strengthening of public governance.

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Abriviations

IMF- International Monetary Fund

FAU- Foreldrerådetssamarbeidsutvalg

LCPD- the Local Councils of People's Deputies

MCE/MCS (1987) Ministry of Church and Education/ Ministry of Culture and Science. Mønsterplan for grunnskolen 1987. English version: Curriculum guidelines for compulsory education in Norway (1990).

MESU- Ministry of Education and Science in Ukraine

MOE- Ministry of Education

OECD

SBM- school-based management

SU- Skolemiljøutvalget

USSR - the Union of Soviet Socialist Republics

WCCEES- World Congress of Comparative Education Societies

Appendix

Fieldwork overview

Timing of the fieldworks

Ukraine: (2009) 1st quarter of academic year (September, 2009)

Norway: (2009) 2nd quarter of academic year (November-December, 2009)

Interview Guide

Confidential

Country:

City:

School:

School Head:

Date:

Time:

Interviewer: Yulya Yevdokymova

Ref. Number

Semi-structured Interview Questions to the Principals:

1) How would you describe budget management in your school?
2) What is your involvement in budget management?
3) How would you describe the expectations put on you regarding to budget management?